PROSPECTUS

INITIAL PUBLIC OFFERING — November 14, 2011

SIGNAL EXPLORATION INC.

$565,500

2,103,000 Non Flow-Through Shares at $0.15 per Share

1,667,000 Flow-Through Shares at $0.15 per Share

This prospectus (the **"Prospectus**") qualifies the distribution (the **"Offering")** by Signal Exploration Inc. **("SNL"** or the **"Company")** of: (a) 2,103,000 non flow-through shares (the **"Non Flow-Through Shares")** at a price of $0.15 per Share (the **"Non Flow-Through Offering Price");** and (b) 1,667,000 flow-through common shares of the Company (the **"Flow-Through Shares")** to be issued as "flow-through shares" within the meaning of the *Income Tax Act* (Canada) (the **"Tax Act")** at a price of $0.15 per share (the **"Flow-Through Offering Price").** The Shares and Flow-Through Shares are collectively referred to in this Prospectus as the **"Offered Securities".**

The Offering is being made to investors resident in British Columbia and Alberta (collectively the "**Jurisdictions**"). The Offering will be conducted in accordance with the terms and conditions contained in an agency agreement (the **"Agency Agreement")** entered into between the Company and Union Securities Ltd. (the **"Agent") on November 14, 2011. Notwithstanding the above, the total period of the Offering must not end more than 180 days from the date of the initial receipt for the final prospectus.** See *"Plan of Distribution".*

The Offering is made on a "commercially reasonable efforts" basis by Union Securities Ltd. (the "**Agent**") and is subject to the Offering being fully subscribed. The offering price of the Shares was determined by negotiation between the Company and the Agent. All funds received from subscriptions for Shares will be held by the Agent pursuant to the terms of the Agency Agreement. If the minimum subscription is not raised within 90 days of the issuance of a receipt for the final prospectus, or such other time as may be consented to by the Agent and persons or companies who subscribed for Shares within that period, all subscription funds will be returned to subscribers without interest or deduction, unless the subscribers have otherwise instructed the Agent. Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that share certificates evidencing the Shares in definitive form will be available for delivery at the closing of the Offering.

Security	**Price to Public*[1]***	**Agent's Commission*[2]***	**Net Proceeds to Company*[3]**[4]***
2,103,000 Non Flow-Through Shares	$0.15	$0.01	$0.14
1,667,000 Flow-Through Shares	$0.15	$0.01	$0.14
Total	$565,500	$56,550	$508,950

(1) The Offering Price was determined by negotiation between the Company and the Agent.

(2) In consideration of the services provided by the Agent in connection with the Offering, the Company has agreed to pay the Agent a cash commission equal to 10% of the gross proceeds raised from the Offering (the **"Agent's Commission").** In addition, the Company will issue to the Agent options (the **"Agent's Options")** entitling the Agent to purchase that number of Shares (the **"Agent's Option Shares")** equal to 10% of the aggregate number of Shares sold pursuant to the Offering for a period of 36 months following the Closing Date, at a price of $0.15 per Agent's Option Share. The Agent's

Option are qualified for distribution under this Prospectus. In addition, the Company has agreed to pay the Agent a Corporate Finance fee of $25,000 plus applicable HST.

(3) Before deducting the remaining costs of the Offering payable by the Company and estimated to be $60,000, which will be paid from the net proceeds from the sale of the Shares. See *"Use of Proceeds'"*.

(4) The Agent's Commission and the costs of the Offering will be paid out of the proceeds from the sale of the Non Flow-Through Shares. The gross proceeds from the sale of the Flow-Through Shares will be used only as described under *"Description of Securities Being Distributed — Flow-Through Shares — Renunciation of CEE"*.

The Company has agreed that it will, on or before December 31, 2012, incur and, effective on or before December 31, 2011, renounce to each subscriber of Flow-Through Shares, Canadian Exploration Expenses (as hereinafter defined) in an amount equal to the aggregate purchase price for Flow-Through Shares paid by such subscriber, provided that subsection 66(12.66) of the Tax Act (as hereinafter defined) is administered by the CRA (as hereinafter defined) or amended in the manner contemplated by the Draft Legislation (as hereinafter defined). See *"Description of Securities Being Distributed"*.

The Agent, as agent of the Company, conditionally offers the Offered Securities on a commercially reasonable efforts basis, if, as and when issued by the Company and delivered and accepted by the Agent in accordance with the conditions contained in the Agency Agreement referred to under *"Plan of Distribution",* subject to the approval of certain legal matters on behalf of the Company by Harder & Company and on behalf of the Agent by McCullough O'Connor Irwin LLP.

There is no market through which these securities may be sold and purchasers may not be able to resell securities purchased under this Prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See *"Risk Factors"*.

As at the date of this Prospectus, the Company does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, a U.S. marketplace, or a marketplace outside Canada and the United States of America (other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc). The Company intends to apply to have its Shares listed on the TSX Venture Exchange (the **"Exchange**"**).** The listing of its Shares will be conditional upon the Company fulfilling all listing requirements and conditions of the Exchange.

An investment in the Offered Securities involves a high degree of risk. The risk factors outlined in this Prospectus should be carefully reviewed and considered by prospective purchasers in connection with an investment in the Offered Securities. See *"Risk Factors"*.

Underwriter's Position	**Maximum size or number of securities available**	**Exercise period or acquisition date**	**Exercise price or average acquisition price**
Over-allotment option	**N/A**	**N/A**	**N/A**
Compensation option	**377,000**	**Within 36 months of the date of listing**	**$0.15**
Any other option granted by the issuer or insider of issuer to underwriter	**N/A**	**N/A**	**N/A**
Total securities under option issuable to underwriter	**N/A**	**N/A**	**N/A**
Other compensation securities issuable to underwriter	**N/A**	**N/A**	**N/A**

In consideration of the services provided by the Agent in connection with the Offering, the Company has agreed to pay the Agent a cash commission equal to 10% of the gross proceeds raised from the Offering (the **"Agent's Commission").** In addition, the Company will issue to the Agent options (the **"Agent's Options")** entitling the Agent to purchase that number of Shares (the **"Agent's Option Shares")** equal to 10% of the aggregate number of Shares sold pursuant to the Offering for a period of 36 months following the Closing Date, at a price of $0.15 per Agent's Option Share. The Agent's Options are qualified for distribution under this Prospectus.

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GLOSSARY

The following is a glossary of certain terms used in this Prospectus. Terms and abbreviations used in the financial statements of the Company may be defined separately and the terms defined in this glossary may not be used in the financial statements.

"Agency Agreement" means the agency agreement to be entered into on November 14, 2011 between the Company and the Agent relating to the Offering.

"Agent" or **"Union"** means Union Securities Ltd., the agent to the Offering.

"Agent's Commission" means the fee equal to 10% of the gross proceeds raised from the Offering payable in cash to the Agent by the Company on Closing.

"Agent's Options" means the non-transferable common share purchase options to be issued to the Agent on Closing entitling the Agent to purchase, in the aggregate, that number of Agent's Option Shares that is equal to 10% of the number of Non Flow-Through Shares and Flow-Through Shares sold pursuant to the Offering. Each Agent's Option will have a term of three years from the Closing Date and an exercise price of $0.15 per Agent's Option Share.

"Agent's Option Shares" means the Shares issuable to the Agent on exercise of the Agent's Options.

"Author" means John Ostler, the author of the Technical Report.

"Board" means the Board of Directors of the Company.

"Canadian Exploration Expense" or **"CEE"** means an expense described in paragraph (f) of the definition of Canadian exploration expense in subsection 66.1(6) of the Tax Act, or that would be described in paragraph (h) of that definition if the reference therein to paragraphs (a) to (d) and (f) to (g.1) was a reference to paragraph (f), other than amounts which are prescribed to be "Canadian exploration and development overhead expenses" for the purposes of paragraph 66(12.6)(b) of the Tax Act, Canadian exploration expenses to the extent of the amount of any assistance described in paragraph 66(12.6)(a) of the Tax Act, any specified expenses described in paragraph 66(12.6)(b.1) of the Tax Act in respect of seismic data, or any amount paid or payable for prepaid services or rent that do not qualify as outlays or expenses for the period as described in the definition of "expense" in subsection 66(15) of the Tax Act.

"Closing" means the completion of the Offering.

"Closing Date" means the date on which the Closing shall occur.

"Company" or **"SGL"** means Signal Exploration Inc.

“**Corporate Finance Fee**” means the $25,000 plus HST payable to the Agent in connection with the Offering.

"CRA" means the Canada Revenue Agency.

“**Draft Legislation"** means the draft legislation to amend subsection 66(12.66) of the Tax Act published by the Department of Finance on July 16, 2010.

"Engagement Letter" means the engagement letter dated April 26, 2011 between the Agent and the Company relating to the Offering.

"Escrow Agent" means Equity Financial Trust Company.

"Escrow Agreement" means the escrow agreement, in the form prescribed by NP 46-201, to be entered into among the Company, the Escrow Agent and certain shareholders of the Company prior to Closing.

"Exchange" means the TSX Venture Exchange.

"Flow-Through Funds" has the meaning set forth in the section of this Prospectus entitled *"Description of Securities Being Distributed — Flow-Through Shares — Renunciation of CEE"*.

"Flow-Through Shares" means the up to 1,667,000 Shares to be issued under the Offering as "flow-through shares" within the meaning of the Tax Act.

"Listing Date" means the date on which the Shares are listed for trading on the Exchange.

"NI 41-101" means National Instrument 41-101 *General Prospectus Requirements.*

"NI 43-101" means National Instrument 43-101 *Standards of Disclosure for Mineral Properties.*

"NI 52-110" means National Instrument 52-110 *Audit Committees.*

"NI 58-101" means National Instrument 58-101 *Disclosure of Corporate Governance Practices.*

"NP 11-202" means National Policy 11-202 *Process for Prospectus Review in Multiple Jurisdictions.*

"NP 46-201" means National Policy 46-201 *Escrow for Initial Public Offerings.*

"NP 58-201" means National Policy 58-201 *Corporate Governance Guidelines.*

"Non Flow-through Shares" means the up to 2,103,000 Shares to be issued under the Offering as "non flow-through shares".

"Offered Securities" means collectively, the Non Flow-Through Shares and Flow-Through Shares.

"Offering" has the meaning ascribed to it on the face page of this Prospectus.

"Offering Price" means $0.15 per Share.

"Plan" means the Company's incentive stock option plan.

"Promoter" has the meaning ascribed thereto in section of the *Securities Act* (British Columbia).

"Prospectus" means this preliminary prospectus and any appendices, schedules or attachments hereto

"Regulations" means the regulations to the Tax Act.

"Scotch Creek Property" means the mineral property interests forming the Company's principal asset and project, comprised of 8 map-staked mineral claims covering a total area of approximately 1,384.12 hectares (3,418.78 acres) located in the Kamloops Mining Division and in the Kamloops Land District in the Shuswap Highland of south-central British Columbia.

"Share" means a common share in the capital of the Company, as constituted on the date hereof, and includes both the Flow-Through Shares and Non Flow-Through Shares.

"Stock Options" means incentive stock options of the Company that may be granted under, or otherwise governed by, the Plan.

"Tax Act" means the *Income Tax Act* (Canada).

"Technical Report" means the technical report prepared by the Author titled "Noranda/Kuroko-type Sulphide Mineralization on the Scotch Creek Property" and dated March 15, 2011 and as amended July 30, 2011, prepared in accordance with the requirements of NI 43-101.

"U.S. Person" has the meaning ascribed to it in section 902(k) of Regulation S promulgated under the US Securities Act, and includes, among other things, any natural person resident in the United States, any partnership or corporation organized or incorporated under the laws of the United States and any trust of which any trustee is a U.S. person.

"US Securities Act" means the United States Securities Act of 1933, as amended.

CURRENCY

In this Prospectus, unless otherwise indicated, all dollar amounts are expressed in Canadian dollars and references to $ are to Canadian dollars.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Prospectus contains "forward-looking information" within the meaning of applicable Canadian securities regulations and "forwarding-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 (collectively, **"forward-looking information").** The forward-looking information contained in this Prospectus is made as of the date of this Prospectus. Except as required under applicable securities legislation, the Company does not intend, and does not assume any obligation, to update this forward-looking information.

Forward-looking information includes, but is not limited to, statements with respect to the future price of minerals and the effects thereof, the estimation of mineralization, the timing and amount of estimated capital expenditures, costs and timing of proposed activities, plans and budgets for and expected results of exploration activities, permitting time-lines, requirements for additional capital, government regulation of mining operations, environmental risks, reclamation obligations and expenses, title disputes or claims, adequacy of insurance coverage, the availability of qualified labour, acquisition plans and strategies, the payment of dividends in the future, and the Company's use of the proceeds of the Offering. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or the negatives thereof or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

This forward-looking information is based on certain assumptions that the Company believes are reasonable, including that the current price of and demand for minerals being targeted by the Company will be sustained or will improve, the supply of minerals targeted by the Company will remain stable, that the Company's current exploration programs and objectives can be achieved, that general business and economic conditions will not change in a material adverse manner, that financing will be available if and when needed on reasonable terms and that the Company will not experience any material accident, labour dispute, or failure of plant or equipment.

While the Company considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect. Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors include, among others, the risk that actual results of exploration activities will be different than anticipated, that cost of labour, equipment or materials increase more than expected, that the future price of minerals targeted by the Company will decline, that changes in project parameters as plans continue to be refined may result in increased costs, that plant, equipment or processes will fail to operate as anticipated, that accidents, labour disputes and other risks generally associated with mining may occur, that unanticipated delays in obtaining governmental approvals or financing or in the completion of development or construction activities may occur, as well as those factors discussed in the section entitled "Risk Factors" in this Prospectus. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Readers are cautioned not to place undue reliance on forward-looking information due to the inherent uncertainty thereof.

ELIGIBILITY FOR INVESTMENT

In the opinion of Legacy Tax + Trust Lawyers, special tax counsel to the Company, on the Closing Date, provided that either: (i) the Offered Securities are listed on a "designated stock exchange", as defined in the Tax Act (which currently includes the Exchange); or (ii) the Company is otherwise a "public corporation", as defined in the Tax Act, the Offered Securities will be "qualified investments" under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans, registered disability savings plans and tax-free savings accounts **("TFSAs")** under the Tax Act (collectively, the **"Plans"),** subject to the specific provisions of such Plans.

The Offered Securities are not currently listed on a "designated stock exchange". The Company is applying to list the Offered Securities on the Exchange concurrently with the filing of this Prospectus. However, the Offered Securities may not be listed on the Exchange on the Closing. Accordingly, it is counsel's understanding that the Company intends to make an election, pursuant to the Tax Act, to be a "public corporation" on the same day as the Closing Date (the **"Election").** The Company will make the Election on the reliance that the CRA will administratively accept that the Election, if validly made in satisfaction of the minimum requirements set out in the Tax Act and the Regulations, and duly filed, will cause the Shares issued on the Closing to be qualified investments for the Plans at the time of issuance (the **"Issuer's Reliance").** If the Issuer's Reliance is incorrect, and the Shares are not listed on the Exchange at the time of Closing, the Non Flow-Through Shares will not be "qualified investments" for a Plan on the Closing.

If the Shares are a “prohibited investment” (as defined in the Tax Act) for a trust governed by a TFSA, the holder of the TFSA will be subject to a penalty tax on the Shares as set out in the Tax Act. A Share will generally not be a prohibited investment for a trust governed by a TFSA held by a particular holder provided that the holder deals at arm’s length with the Company for the purposes of the Tax Act, and does not have a “significant interest” (as defined in the Tax Act) in either the Company or a corporation, partnership or trust that does not deal at arm’s length with the Company for purposes of the Tax Act. In general terms, a holder of a TFSA will have a significant interest in the Company if the TFSA, the holder, and other persons not at arm’s length with the holder together, directly or indirectly, own not less than 10% of the outstanding Common Shares of the Company.

Amendments to the Tax Act included in Bill C-13 (An Act to Implement Certain Provisions of the 2011 Budget as updated on June 6, 2011 and Other Measures) provide for similar rules with respect to prohibited investments for annuitants under RRSPs and RRIFsprovide for similar rules with respect to prohibited investments for annuitants under RRSPs and RRIFs. See “Certain Canadian Federal Income Tax Considerations”.

Because of the Canadian income tax deductions available to a subscriber of Flow-Through Shares, it would be unusual for a trust governed by a Plan to be the initial subscriber of Flow-Through Shares. For further details, see *"Certain Canadian Federal Income Tax Considerations'".*

PROSPECTUS SUMMARY

The following is a summary of the principal features of this distribution and should be read together with the more detailed information and financial data and statements contained elsewhere in the prospectus.

The Company

The Company is a British Columbia-based company primarily engaged in the acquisition and exploration of mineral resource properties in Canada and the exploration of such properties for minerals. Minerals of interest to the company include precious metals including gold and silver and base metals including zinc, lead and copper. See *"Description of the Business"*.

Directors & Officers

Barry Hartley	*President, Chief Financial Officer, Secretary, Director*
Brent Hahn	*Chief Executive Officer, Director*
Iqbal Boga	*Director*
Manfred Peschke	*Director*
Jim McCrea	*Director*

See "*Directors and Officers*".

The Scotch Creek Property

The Company's principal asset and project is its interest in the Scotch Creek Property, comprised of 8 map-staked mineral claims covering a total area of approximately 1,384.12 hectares (3,418.78 acres) located in the Kamloops Mining Division and in the Kamloops Land District in Shuswap Highland of south-central British Columbia. The current expiry dates of these claims range from June 18, 2018 to November 25, 2020. No parts of the Scotch Creek property cover private land.

The Scotch Creek Property is an exploration stage mineral resource property with the targeted minerals including sulphide deposits, lead, silver, zinc and copper.

See *"Description of the Business - Material Mineral Projects"*.

The Offering

The Company proposes to sell through the Agent, acting on a best efforts basis, at the Offering Price ($0.15 per Share) 2,103,000 Non Flow-Through Shares and 1,667,000 Flow-Through Shares, for total gross proceeds of $565,500. The Agent is not under any obligation to take up and pay for any of the Offered Securities.

The Offering Price was established through negotiation between the Company and the Agent.

See *"Plan of Distribution"*.

Use of Proceeds

Upon completion of the Offering the Company will have estimated available funds of approximately $529,050.

Use of Funds	Estimated Amount
Estimated remaining expenses of the Offering (regulatory filing fees, Exchange fees, legal fees, auditor's fees, Agent's expenses, balance of Agent's legal fees and Corporate finance fees and related HST, etc.):	$60,000
Completion of First-phase Exploration Program on the Scotch Creek Property (per the recommendations contained in Table 10 of in the Technical Report):	$247,710(1)
General and administrative expenses for the next 12 months:	$90,000(2)
Unallocated working capital to fund ongoing operations:	$131,340
TOTAL:	$529,050

(1) Refer to the full Technical Report for a breakdown of this figure. Table 10 also presents an additional 10% contingency inclusive figure of $272,481, however this is not the intended budget for Phase 1. The Phase 1 budget is $247,720

(2) See "Use of Proceeds – Administrative Expenses' for a breakdown of this figure.

Risk Factors

An investment in Shares should be considered highly speculative and investors may incur a loss of some or all of their investment. The Company has no history of earnings and there are no known commercial quantities of mineral resources or reserves on the Company's property interests. There is also no guarantee of the Company's title to its properties. Aboriginal land claims may create delays in project approval or unexpected interruptions in project progress, or result in additional costs to advance the Company's operations. The Company and its assets may become subject to uninsurable risks. The Company's activities may require permits or licenses which may not be granted to the Company. There is no assurance that additional funding will be available to the Company. The Company competes with other companies with greater financial resources and technical facilities. The Company is currently largely dependent on the performance of its directors and there is no assurance the Company can maintain their services. In recent years, both metal prices and publicly traded securities prices have fluctuated widely. Further, there is currently no market for the Shares and no assurance that an active market will develop or be sustained after this Offering. Additional Shares may be issued which will cause dilution to the ownership interests of the Company's shareholders. See *"Risk Factors"*.

Summary of Financial Information

The following selected financial information is subject to and more fully explained in the detailed information contained in the financial statements of the Company and notes thereto appearing elsewhere in this Prospectus. The Company has established December 31 as its fiscal year end. The following table sets forth selected financial information for the period ended December 31, 2010 (audited) and the six-month period ended June 30, 2011 (unaudited). See also *"Management's Discussion and Analysis"*.

	Six Months Ended June 30, 2011 (unaudited)	Period Ended December 31, 2010 (audited)
Net sales or total revenues	$NIL	$NIL
Net income (loss)	$(33,914)	$(50,623)
Basic and diluted income (loss) per share	$(0.01)	$(0.02)
Weighted average shares outstanding	6,429,171	2,035,605
	As at June 30, 2011 (unaudited)	**As at December 31, 2010 (audited)**
Total assets	$191,025	$142,628
Total liabilities	$14,562	$15,251
Working capital	$28,576	$2,841
Shareholder's equity	$176,463	$127,377

The Company has requested relief to early adopt International Financial Reporting Standards (IFRS) in place of Canadian GAAP, for the preparation of its financial year ended December 31, 2010 and the ensuing quarters ending March 31, 2011 and June 30, 2011. As a result, the Company is filing it fiscal period ended December 31, 2010 under IFRS and all subsequent quarters as such.

CORPORATE STRUCTURE

Name and Incorporation

The Company's full name is Signal Exploration Inc.

The Company was incorporated as Signal Exploration Inc. pursuant to the *Business Corporations Act* (British Columbia) on March 9, 2010.

The Company's head office is located at 1021Kilmer Road, North Vancouver, British Columbia, V7K 1P9 and the registered office of the Company is located at the same address.

Intercorporate Relationships

The Company has no subsidiaries.

DESCRIPTION OF THE BUSINESS

Overview

The Company is a British Columbia-based company primarily engaged in the acquisition of mineral resource properties in Canada and the exploration of such properties for minerals. Minerals of interest to the company include precious metals including silver and base metals including zinc, sulphides, silver, lead and copper.

The Company's principal asset and project is its interest in the Scotch Creek Property, comprised of 8 map-staked mineral claims covering a total area of approximately 1,384.12 hectares (3,418.78 acres) located in the Kamloops Mining Division and in the Kamloops Land District in Shuswap Highland of south-central British Columbia. The current expiry dates of these claims ranges from June 18, 2018 to November 25, 2020. No parts of the Scotch Creek property cover private land.

Since first acquiring an interest in the Scotch Creek Property in 2010, all of the Company's acquisition and exploration expenditures have been incurred on the Scotch Creek Property. As of December 31, 2010, $124,536 (audited) in acquisition and exploration expenditures have been spent on the Scotch Creek Property by the Company, in the aggregate.

In the current fiscal year and for the foreseeable future, the Company intends to continue to focus its efforts on advancing the exploration and, if merited, the development of the Scotch Creek Property. The primary focus of the Company for the current fiscal year and the fiscal year starting January 1, 2012 includes continued exploration of the Scotch Creek Property.

The Company currently has no source of earnings other than interest paid to it on its current cash position. In order to fund its ongoing exploration efforts and operations, the Company has historically raised capital through the issuance of equity from its treasury.

Competitive Conditions

As a mineral exploration company, the Company competes with other entities in the mineral exploration business in various aspects of the business including: (a) seeking out and acquiring mineral exploration properties; (b) obtaining the resources necessary to identify and evaluate mineral properties and to conduct exploration and development activities on such properties; and (c) raising the capital necessary to fund its operations.

The mining industry is intensely competitive in all its phases, and the Company competes with other companies that have greater financial resources and technical facilities. Competition could adversely affect the Company's ability to acquire suitable properties or prospects in the future or to raise the capital necessary to continue with operations.

Cycles or Seasonality

The Company's mineral exploration activities are subject to seasonality due to adverse weather conditions.

The Scotch Creek Property is located in the Kamloops Mining District of British Columbia. Due to the region's cold climate in the winter months, exploration activities on the property is restricted during the winter as a result of inclement weather, snow, frozen ground and restricted access due to weather related factors.

Environmental Protection and Policies

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous materials and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions.

If the restrictions adversely affect the scope of exploration and development on the mineral property interests, the potential for production on the property may be diminished or negated.

Employees

As at June 30, 2011, the Company had no employees. As at the date of this Prospectus, the Company has no employees. The Company is managed and operated by its directors and officers, none of whom is considered by the Company to be an employee of the Company.

History

The following history covers the development of the Company's business since March 9, 2010 (being its date of incorporation). From its inception, the Company has been involved in the business of mineral exploration with a principal focus on the acquisition and exploration of the Scotch Creek Property. The exploration of the Scotch Creek Property isthe principal focus of the Company's present activity.

The following describes the Company’s development from its inception to the date of this Prospectus.

Acquisition of Scotch Creek Property

The following summarizes the principal transactions involved in the Company's acquisition of the property interest comprising the Scotch Creek Property.

On February 23, 2010, Barry Hartley, (President, CFO and Director of the Company) entered into a mineral option agreement (the **"Scotch Creek Agreement")** with property vendors Bruce Mack Squinas and Joseph Texas Lawrence (both arms' length parties to the Company) pursuant to which Mr. Hartley purchased a 100% interest in 5 map-staked mineral claims (the "5 Claims") covering a total area of approximately 854.90 hectares (1,811.60 acres) located in the Kamloops Mining Division and in the Kamloops Land District in Shuswap Highland of south-central British Columbia (the **"Scotch Creek Property")** for cash consideration of $12,000 plus $342 paid to Joseph Lawrence for filing fees to acquire a 6-month assessment credit.

On February 24, 2010, Mr. Hartley assigned a 50% interest in the 5 Claims to Brent Hahn, (CEO of the Company).

On March 31, 2010, Messrs. Hartley and Hahn sold the 5 Claims to the Company in exchange for 2,000,000 Shares (the "**Property Shares**"). The Property Shares, along with all of the Shares issued prior to the date of this Prospectus are held in escrow. *See "Escrowed Securities"*.

On June 18, 2010, John Ostler, acting on instructions from Barry Hartley, map-staked the "Southern Cross 1 and 2" claims. The claims were transferred at cost to Barry Hartley on June 24, 2010.

On June 28, 2010, Barry Hartley map-staked the "Southern Cross 3" claim.

On May 27, 2011, the claims comprising the Scotch Creek Property were transferred from Barry Hartley to Signal Exploration Inc.

The 5 Claims, the Southern Cross 1 and 2 claims, together with the Southern Cross 3 claim, are all registered in the name of the Company.

Financing Activities

During the period from incorporation (March 9, 2010) to December 31, 2010:

- During the period ended December 31, 2010, the Company entered in to subscription agreements totaling $164,000. Of this amount $116,000 was received during the 2010 year and the balance of $48,000 was received in the first quarter of 2011 as follows:

Quarter Ended	Number	Price/Share	Flow-Through Total ($)	Non Flow-Through Total ($)
March 31, 2010	NIL	NIL	NIL	NIL
June 30, 2010	252,000	$0.05	$12,600	
September 30, 2010	1,540,000	$0.05	$77,000	
December 31, 2010	1,488,000	$0.05	$48,400	$26,000
TOTAL	**3,280,000**	**$0.05**	**$138,000**	**$26,000**

- Subsequent to the quarter ended March 31, 2011, the Company issued an additional 300,000 common shares at $0.05 per share for proceeds of $15,000.

- Subsequent to March 31, 2011, companies controlled by the President and the Chief Executive Officer of the Company contributed $10,000 each as a capital contribution to the Company without being issued any additional common shares.

- On October 25, 2011, companies controlled by the President and the Chief Executive Officer of the Company contributed $2,500 each as a capital contribution to the Company without being issued any additional common shares.

- On November 9, 2011, companies controlled by the President and the Chief Executive Officer of the Company contributed $17,7500 each as a capital contribution to the Company without being issued any additional common shares.

As at December 31, 2010 the Company had issued 3,280,000 common shares for cash proceeds of $164,000. Of this $164,000, $116,000 was received during the period ended December 31, 2010 with the balance of $48,000 being received subsequent to December 31, 2010. To December 31, 2010 $112,536, of the $116,000, was used to explore the Company's Scotch Creek Property. Of the remaining balance $3,036 was used to fund the Company's operations resulting in year-end cash on hand of $428.

As at June 30, 2011, in addition to receiving the $48,000 of subscriptions receivable at December 31, 2010 the Company issued an additional 300,000 shares for proceeds of $15,000 and received capital contributions of $20,000, without the issuance of any additional shares, from companies controlled by the Company's President and Chief Executive Officer for total receipt of $83,000. To June 30, 2011 $23,351, of the $83,000, was used to explore the Company's Scotch Creek Property. Of the remaining balance $21,952 was used to fund the Company's operations. The unspent proceeds from share issuances at June 20, 2011 of $38,125 are being used by the Company to fund ongoing exploration expenses, general corporate overhead and the cost associated with completing its initial public offering.

Changes in Current and Upcoming Financial Year

For the balance of the current financial year (ending December 31, 2011) and during the upcoming financial year, the Company expects that the Scotch Creek Property will remain the principal focus of the Company. The Company will continue with the exploration of the property with a view to establishing defined mineral resources in accordance with the provisions of NI 43-101.

With regards to financing activities, the Company proposes to complete the initial public offering of its common shares pursuant to the Offering and list the common shares on the Exchange.

Material Mineral Project

The Scotch Creek Property is the only mineral project that is material to the Company. The following disclosure in respect of the Scotch Creek Property is principally derived from or otherwise based upon the information presented in the Technical Report. The full Technical Report is available for review in the Company's profile at www.sedar.com.

The following glossary of abbreviations and terms is used for the following disclosure on the Scotch Creek Property:

ARIS	Assessment Report Indexing System maintained by the British Columbia Ministry of Energy, Mines, and Petroleum Resources
Ag	the element symbol for silver
As	the element symbol for arsenic
Au	the element symbol for gold
Ba	the element symbol for barium
Ca	the element symbol for calcium
Co	the element symbol for cobalt
Cu	the element symbol for copper
EM	electromagnetic
Fe	the element symbol for iron
g/t	grams per tonne
Hg	the element symbol for mercury
ICP	inductively coupled plasma mass spectrometry
Lime Dyke Block	the property area to the southeast of the Incomappleux River
Mn	the element symbol for manganese
Mo	the element symbol for molybdenum
Ni	the element symbol for nickel
NTS	National Topographic System
Pb	the element symbol for lead

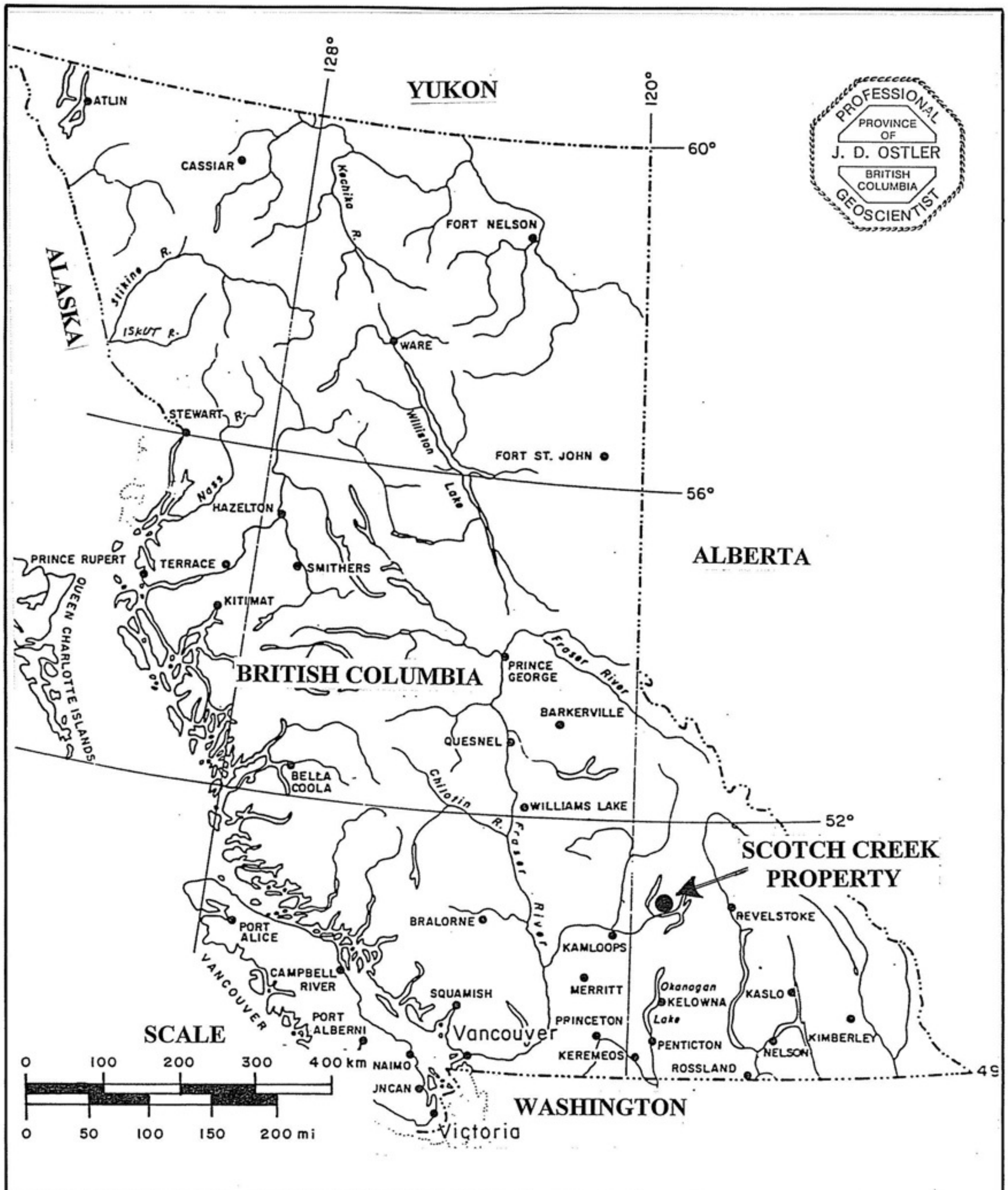
ppm	parts per million
Pulley Block	the property area to the northwest of the Incomappleux River
QA-QC	quality assurance/quality control
RGS	BC Regional Geochemical Survey of stream sediments and water
Sb	the element symbol for antimony
SEDEX	sedimentary exhalative
Sn	the element symbol for tin
U	the element symbol for uranium
V	the element symbol for vanadium
W	the element symbol for tungsten
Zn	the element symbol for zinc

Project Description and Location

The Scotch Creek property comprises 8 map-staked claims covering 1,384.12 hectares (3,418.78 acres) in the Kamloops Mining Division and in the Kamloops Land District. The property is located on N.T.S. map sheets 82 L/13 and L/14, and on B.C. map sheet 082L 093 (Figures 1and 2). The centre of the property-area is at 50° 57' 15" north latitude and at 119° 29' 26" west longitude (U.T.M.: 5,647,460 N., 324,840 E.) (Table 3). The registered owner of the mineral claims comprising the Scotch Creek property is Signal Exploration Inc.

The tenures of the claims comprising the Scotch Creek property are as follow:

Claim Name	Record No.	Area: Hectares (Acres)	Record Date	Expiry Date	Owner
Marion	604866	162.86 (402.17)	May 22, 2009	Nov 22, 2020	Signal Exploration Inc.
Penny	604872	81.43 (201.13)	May 22, 2009	Nov 22, 2020	Signal Exploration Inc.
Gloria	604873	81.43 (201.13)	May 22, 2009	Nov 22, 2020	Signal Exploration Inc.
Karalee	604938	162.82 (402.26)	May 25, 2009	Nov 25, 2020	Signal Exploration Inc.
Marion 2	605310	366.36 (904.91)	June 2, 2009	Dec 2, 2020	Signal Exploration Inc.
Southern Cross 1	794642	183.12 (452.31)	June 18, 2009	June 18, 2018	Signal Exploration Inc.
Southern Cross 2	794662	101.76 (251.35)	June 18, 2009	June 18, 2018	Signal Exploration Inc.
Southern Cross 3	801662	244.34 (603.52)	June 28, 2009	June 18, 2018	Signal Exploration Inc.
Total Property Area		1,384.12 (3,118.78)			



N.

Figure 1

CASSIAR EAST YUKON EXP. LTD.

SIGNAL EXPLORATION INC.

GENERAL LOCATION

SCOTCH CREEK PROPERTY
50° 57' 15" N., 119° 29' 26" W.
U.T.M.: 5,647,460 N., 324,840 E.
N.T.S.: 82 L/13 + L/14, KAMLOOPS M.D., B.C.
JOHN OSTLER; M.Sc., P.Geo. MARCH, 2011

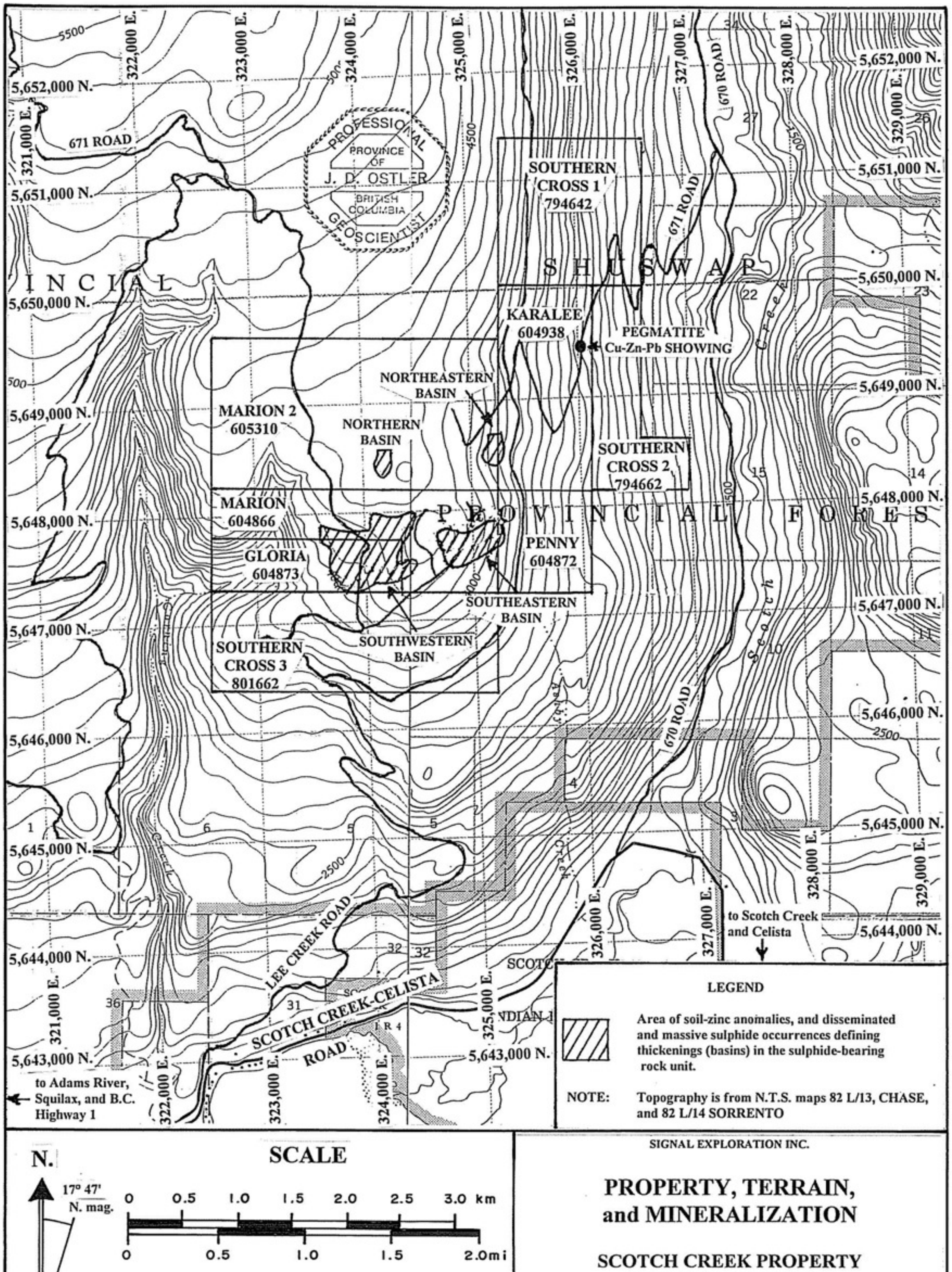
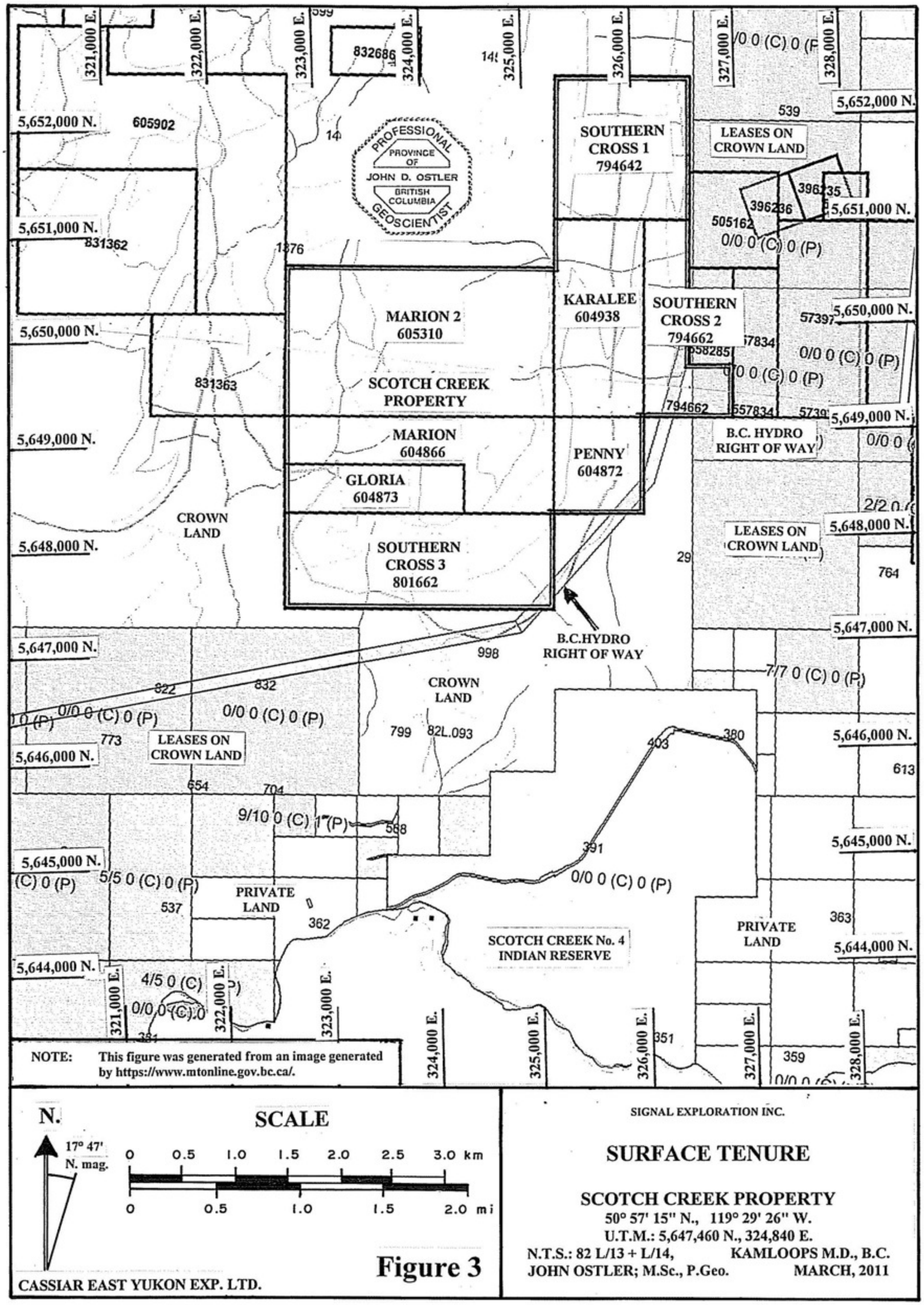

671 ROAD
670 ROAD
671 ROAD
SOUTHERN CROSS 1 794642
KARALEE 604938
PEGMATITE Cu-Zn-Pb SHOWING
NORTHEASTERN BASIN
MARION 2 605310
NORTHERN BASIN
SOUTHERN CROSS 2 794662
MARION 604866
GLORIA 604873
PENNY 604872
SOUTHEASTERN BASIN
SOUTHWESTERN BASIN
SOUTHERN CROSS 3 801662
SHUSWAP
PROVINCIAL FOREST
LEE CREEK ROAD
SCOTCH CREEK-CELISTA ROAD
to Adams River, Squilax, and B.C. Highway 1
to Scotch Creek and Celista
LEGEND
Area of soil-zinc anomalies, and disseminated and massive sulphide occurrences defining thickenings (basins) in the sulphide-bearing rock unit.
NOTE: Topography is from N.T.S. maps 82 L/13, CHASE, and 82 L/14 SORRENTO
PROFESSIONAL GEOSCIENTIST PROVINCE OF BRITISH COLUMBIA J. D. OSTLER
N.
17° 47' N. mag.
SCALE
0 0.5 1.0 1.5 2.0 2.5 3.0 km
0 0.5 1.0 1.5 2.0mi
CASSIAR EAST YUKON EXP. LTD.
SIGNAL EXPLORATION INC.
PROPERTY, TERRAIN, and MINERALIZATION
SCOTCH CREEK PROPERTY
50° 57' 15" N., 119° 29' 26" W.
U.T.M.: 5,647,460 N., 324,840 E.
N.T.S.: 82 L/13 + L/14, KAMLOOPS M.D., B.C.
JOHN OSTLER; M.Sc., P.Geo. MARCH, 2011

Figure 2



321,000 E.
322,000 E.
323,000 E.
324,000 E.
325,000 E.
326,000 E.
327,000 E.
328,000 E.
5,652,000 N.
5,651,000 N.
5,650,000 N.
5,649,000 N.
5,648,000 N.
5,647,000 N.
5,646,000 N.
5,645,000 N.
5,644,000 N.
605902
831362
831363
832686
PROFESSIONAL
PROVINCE OF
JOHN D. OSTLER
BRITISH COLUMBIA
GEOSCIENTIST
SOUTHERN CROSS 1
794642
LEASES ON CROWN LAND
396235
396236
505162
0/0 0 (C) 0 (P)
MARION 2
605310
KARALEE
604938
SOUTHERN CROSS 2
794662
SCOTCH CREEK PROPERTY
MARION
604866
PENNY
604872
GLORIA
604873
B.C. HYDRO RIGHT OF WAY
CROWN LAND
SOUTHERN CROSS 3
801662
B.C.HYDRO RIGHT OF WAY
LEASES ON CROWN LAND
7/7 0 (C) 0 (P)
0/0 0 (C) 0 (P)
82L.093
9/10 0 (C) 1 (P)
5/5 0 (C) 0 (P)
PRIVATE LAND
SCOTCH CREEK No. 4 INDIAN RESERVE
PRIVATE LAND
4/5 0 (C)
NOTE: This figure was generated from an image generated by https://www.mtonline.gov.bc.ca/.
N.
17° 47' N. mag.
SCALE
0 0.5 1.0 1.5 2.0 2.5 3.0 km
0 0.5 1.0 1.5 2.0 mi
CASSIAR EAST YUKON EXP. LTD.
SIGNAL EXPLORATION INC.
SURFACE TENURE
SCOTCH CREEK PROPERTY
50° 57' 15" N., 119° 29' 26" W.
U.T.M.: 5,647,460 N., 324,840 E.
N.T.S.: 82 L/13 + L/14, KAMLOOPS M.D., B.C.
JOHN OSTLER; M.Sc., P.Geo. MARCH, 2011

Figure 3

Map-staked mineral claims in British Columbia are endowed with metallic and some industrial mineral rights but no surface rights. Surface rights can be obtained during production permitting. Currently in British Columbia, a mineral claim holder must do and record a minimum of $4 worth of assessment work or pay $4 cash in lieu of work per year for each hectare within a claim to maintain that claim in good standing for the first three years of its tenure. From the 4th year onward, a minimum of $8 worth of assessment work or cash in lieu of work must be submitted per hectare to keep a mineral claim in good standing each year.

On November 2, 2010 sufficient assessment work was filed to extend the expiry dates of the claims to dates ranging from June 18, 2018 to November 25, 2020 (Mineral Titles event No. 4,806,511). Extending the expiry dates of the claims for one year would cost as follows:

Year	Property Area (ha) Requiring Work for 1 Year Expiry Extension	Work @ $8/ha	Filing Fees @ $0.40/ha	Total Annual Cost
2011 to 2016	0			$0.00
2017 to 2019	529.22	$4,233.76	$211.69	$4,445.45
2020 and subsequent years	1,384.12	$11,072.96	$553.65	$11,626.61

These are map-staked claims that are located on the provincial virtual mineral tenure grid. No posts or lines exist on the ground; thus, there is no uncertainty regarding the area covered by the claims. Also, there are no natural features and improvements relative to, and affect the location of the outside property boundaries. However, there are conditions that may affect the design of future exploration and development programs on the property (Figure 3). Leases (SID (PIN) 90021761 and 3341900) secure a B.C. Hydro power line right of way above the southeastern parts of the PENNY (604872), SOUTHERN CROSS 2 (794662), and SOUTHERN CROSS 3 (801662) claims. This right of way is located about 1.2 km (0.73 mi) southeast of the primary exploration target area on the property (Figures 2 and 3).

According to information provided by the government of British Columbia through the Tantalus Gator system and the Integrated Land Resource Registry, available at www.mtonline.bc.ca and at www.ILRR.ca , no parts of the Scotch Creek property cover private land. The nearest native reserve to the Scotch Creek property is the Scotch Creek No. 4 Indian Reserve. It is located 0.75 km (0.46 mi) south of the southeastern corner of the SOUTHERN CROSS 3 (801662) claim (Figure 3). The region extending from Shuswap Lake to Adams Lakes is part of the territory of the Adams Lake, Little Shuswap, and Neskonlith native bands. Consultation with those bands would be necessary during mine development on the property. There is no plant or equipment, inventory, mine or mill structure of any value on these claims.

All Noranda/Kuroko-type sulphide mineralization on the property is hosted by a single stratigraphic unit. Four areas of comparitively thick sulphide accumulation "basins" have been identified tentatively by current (2010) soil survey and geological mapping. The locations of the property center and significant exploration areas within the property area, including the four "basins", are as follows:

Center of Entity	U.T.M. Co-ordinates	Longitude and Latitude
Property centre	5,647,460 N., 324,840 E.	50° 57' 15" N., 119° 29' 26" W.
Centre of anomalies and previous main drilling area on the MARION (604866) claim	5,647,483 N., 324,938 E.	50° 57' 17" N. 119° 29' 44" W.
Pegmatitic scarn sulphide mineralization on the 671 road on the northeastern KARALEE (604938) claim	5,649,465 N., 326,022 E.	50° 58' 20" N., 119° 28' 48" N.
Approximate centre of the 2010 soil anomalies defining the northeastern sulphide basin	5,648,400 N., 325,200 E.	50° 57' 38" N., 119° 29' 21' W.
Massive sulphide intersection in the DDH SC-3 near the centre of the southeastern sulphide basin	5,647,695 N., 324,970 E.	50° 57' 15" N. 119° 29' 32" W.
Disseminated sulphide intersection in the	5,647,440 N.,	50° 57' 06" N.,

SC-4 near the centre of the southwestern basin	323,895 E.	119° 30' 26"W.
Approximate centre of the 2010 soil anomalies defining the northern sulphide basin	5,648,400 N. 324,000 E.	50° 57' 37" N., 119° 30' 22" W.
0.91 tonne (1-ton) boulder of massive sulphide containing up to10% copper found during 1970 prospecting on the GLORIA (604873) claim	5,647,735 N. 322,940 E.	50° 57' 15" N. 119° 31' 16" W.

At the effective date of this Technical Report, being March 15, 2011, the author knows of no royalties, back-in rights, payments, or agreements and encumbrances to which the Scotch Creek property is subject. The Scotch Creek property is subject to no environmental liabilities from previous exploration or mining activities. Permits form the British Columbia government and environmental bonds will be required to conduct the recommended exploration program. It is anticipated that the cost of bonds for the first and second phases of that program will be $5,000 and $10,000 respectively. Applications for bonds have not been made yet.

Accessibility, Climate, Local Resources, Infrastructure, and Physiography

The Scotch Creek property occupies a southeasterly facing slope adjacent with the southeastern part of Adams Plateau. Elevations of the Scotch Creek property range from 1,375 m (4,511 ft) at its northwestern corner on the MARION 2 (605310) claim to 950 m (3,117 ft) on the PENNY (604872) claim at the southeastern corner of the property-area. There are two terrain domains on the claims. The northwestern part of the property-area is occupied by gentle slopes generally less than 10°; its southeastern part hosts steep slopes averaging 30°.

The Scotch Creek property hosts a second-growth forest comprised mostly of cedar, spruce, fir, and cottonwood trees which is in various states of growth. There is insufficient timber suitable for mining on the claims.

The property is accessible by road from the west, south, and east. The eastern route is the easiest way to gain access to the property. Directions are as follow: Between Little Shuswap and Shuswap lakes, leave B.C. Highway 1 and take the Squilax Road for about 3 km (1.8 mi) northward to near Adams River where the road divides. At the divide, turn to the right onto the Scotch Creek-Celista road and follow it for 10.4 km (6.3 mi) to the 670 (Scotch Creek Main) road. Leave the pavement by turning left onto the 670 road. The logging roads in this area are maintained by Federated Cooperatives Limited which uses F.M. radio frequency 157.320 to control road traffic. At about 7.1 km (4.3 mi) up the 670 road turn left (north-westward) up the 671 road toward the high-voltage power line. The Scotch Creek property is crossed by the 671 road from about 6 to 13 km (3.7 to 7.9 mi) along it. Most of the property area is accessible via a system of old logging roads that are in various conditions.

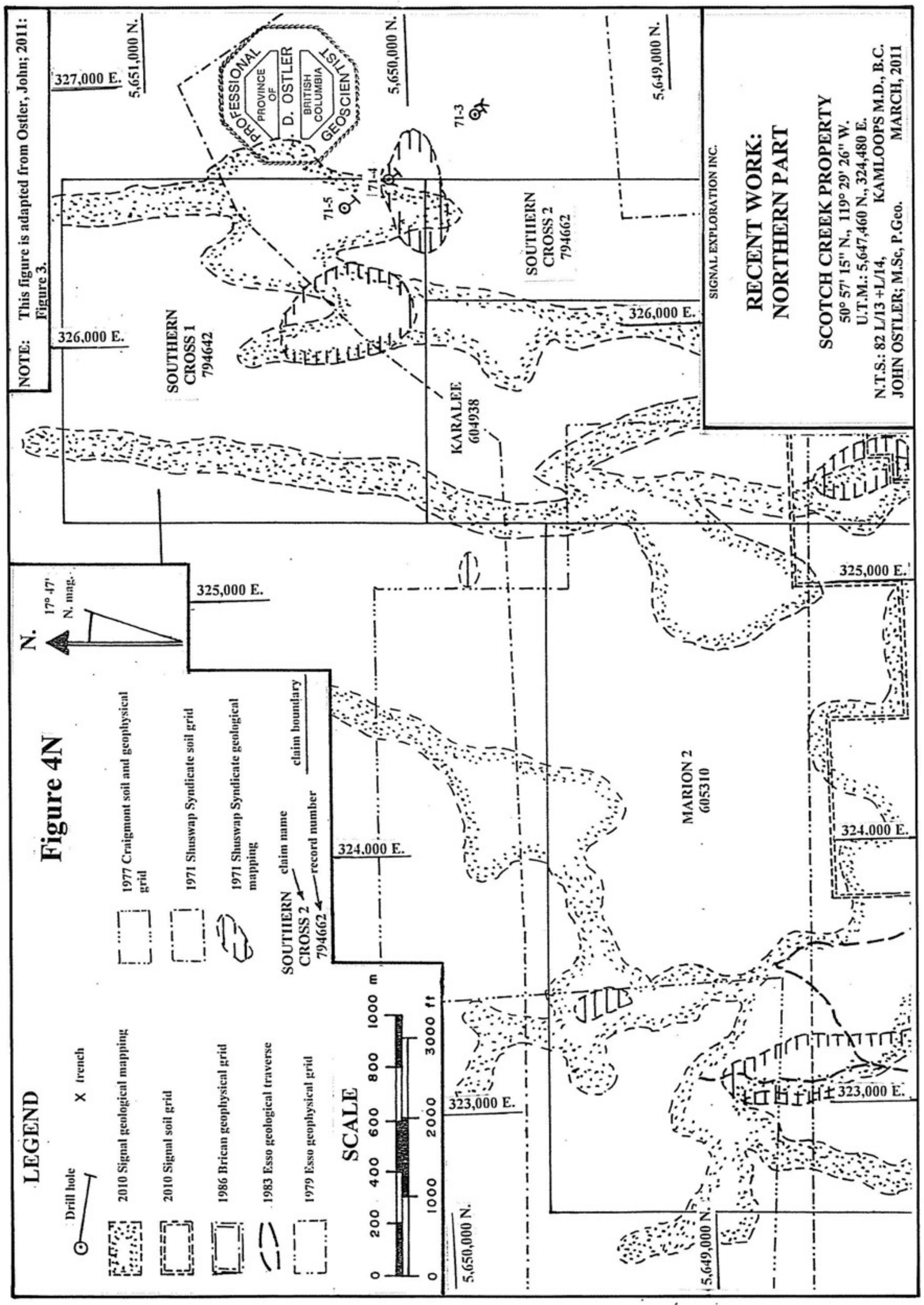
The village of Scotch Creek, located on the Scotch Creek-Celista road about 20 km from the claims, is the nearest supply and service center to the property. Services at Scotch Creek are sufficient to support surface exploration programs such as prospecting, mapping, or soil sampling. The town of Chase, located on B.C. Highway 1 about 50 km (30.5 mi) southwest of the property, hosts the nearest helicopter base and a rail yard where mineral products can be loaded into rail cars for transport to a smelter. The city of Kamloops, located on B.C. Highway 1 about 99 km (60.4 mi) southwest of the property, is the nearest regional service and supply centre. Kamloops has services necessary to support a mining operation.

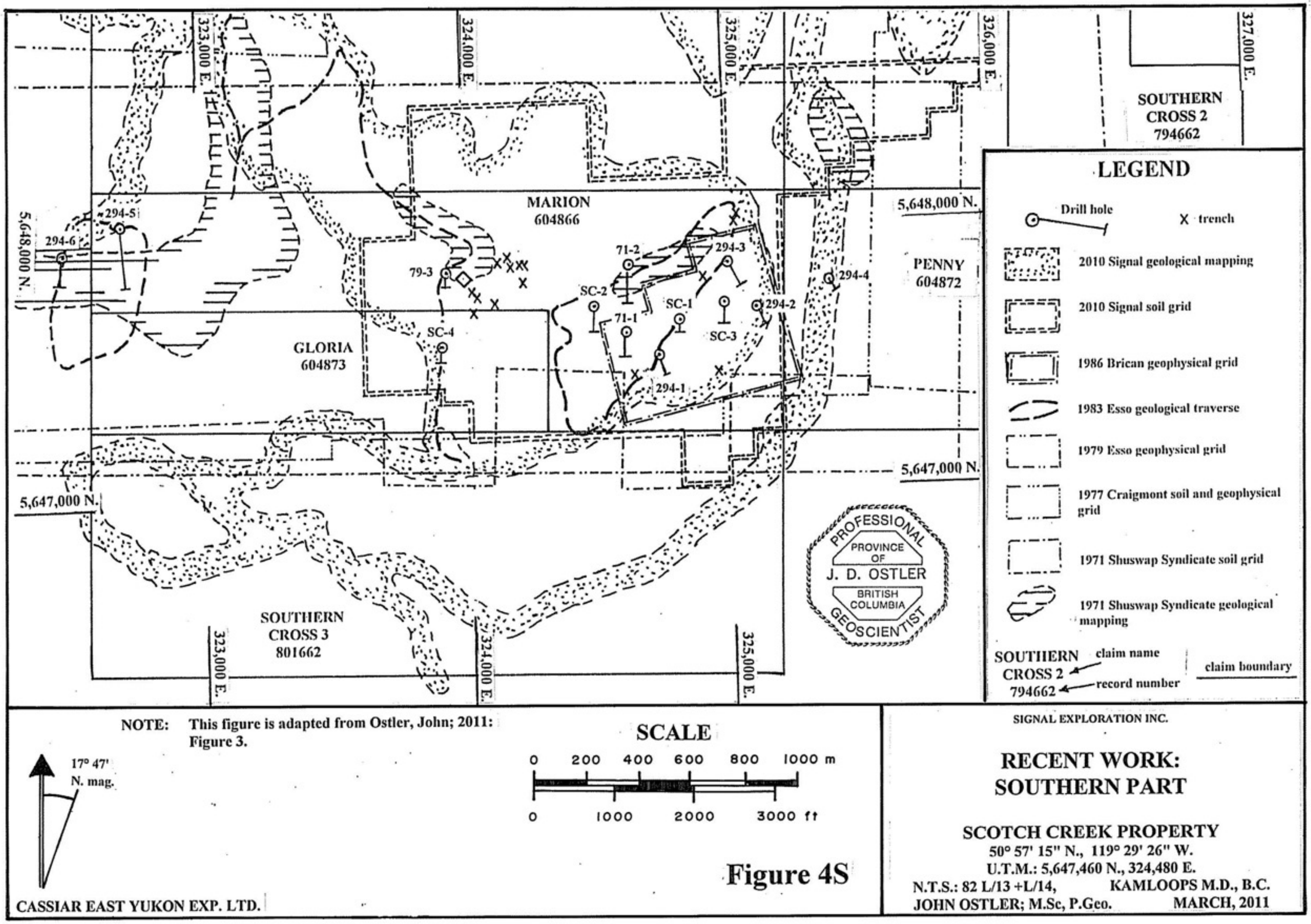
The Scotch Creek area experiences cold winters and hot, dry summers. Winter snow falls in the property area by late November and stays on the ground until April in open areas, and until June on shady slopes at higher elevations in the north-western part of the claim-area.

The current exploration targets on the property are on crown land with no special restrictions on development thereon (Figures 2 and 3). Upon development permitting, one normally is able to secure surface rights necessary to conduct a permitted mining operation. The author knows of no legal impediment to Signal Exploration Inc. being able to secure such surface rights as part of the permitting process. Two parallel, high-voltage power transmission lines cross the southeastern part of the property (Figure 3). A three-phase power transmission line services residences along Lee Creek Road, within 2.2 km (1.34 mi) of the southern boundary of the property. Adequate fresh water for a mining operation could be drawn by gravity from Corning (Lee) Creek from a location about 1.2 km (0.73 mi) northwest of the northwestern corner of the property (Figures 2 and 3).

Both the mining business and the pool of professionals and skilled tradesmen who serve it are international and mobile. The Adams Plateau area has already demonstrated that it was able to attract personnel to work at mines in the area. That area has sufficient amenities to attract the people needed to operate a new mine.

There is adequate, reasonably flat area appropriate for erecting a mill and developing a tailings pond on the MARION (604866) and MARION 2 (605310) claims.





323,000 E.
324,000 E.
325,000 E.
326,000 E.
327,000 E.
5,648,000 N.
5,647,000 N.
SOUTHERN CROSS 2 794662
MARION 604866
PENNY 604872
GLORIA 604873
SOUTHERN CROSS 3 801662
294-1
294-2
294-3
294-4
294-5
294-6
71-1
71-2
79-3
SC-1
SC-2
SC-3
SC-4
PROFESSIONAL PROVINCE OF J. D. OSTLER BRITISH COLUMBIA GEOSCIENTIST
LEGEND
Drill hole
X trench
2010 Signal geological mapping
2010 Signal soil grid
1986 Brican geophysical grid
1983 Esso geological traverse
1979 Esso geophysical grid
1977 Craigmont soil and geophysical grid
1971 Shuswap Syndicate soil grid
1971 Shuswap Syndicate geological mapping
SOUTHERN CROSS 2 794662
claim name
record number
claim boundary
NOTE: This figure is adapted from Ostler, John; 2011: Figure 3.
17° 47' N. mag.
CASSIAR EAST YUKON EXP. LTD.
SCALE
0 200 400 600 800 1000 m
0 1000 2000 3000 ft
SIGNAL EXPLORATION INC.
RECENT WORK: SOUTHERN PART
SCOTCH CREEK PROPERTY
50° 57' 15" N., 119° 29' 26" W.
U.T.M.: 5,647,460 N., 324,480 E.
N.T.S.: 82 L/13 +L/14, KAMLOOPS M.D., B.C.
JOHN OSTLER; M.Sc, P.Geo. MARCH, 2011

Figure 4S

Nature and Extent of Company's Title

The nature and extent of the Company's title to or interest in the Scotch Creek Property and the obligations that must be met to retain the property are summarized above under the heading "*Description of the Business –History – Acquisition of Scotch Creek Property*".

Of the 8 mineral claims included in the Scotch Creek Property:
- 2 are currently in good standing to June 18, 2018
- 1 is currently in good standing to June 28, 2018
- 3 are currently in good standing to November 22, 2020
- 1 is currently in good standing to November 25, 2020
- 1 is currently in good standing to December 2, 2020

Royalties, Agreements and Encumbrances

The terms of any royalties, payments or other agreements and encumbrances to which the Scotch Creek Property is subject are summarized above under the heading "*Description of the Business –History – Acquisition of Scotch Creek Property*".

HISTORY

Chronology of Ownership and Exploration of Claims in the Scotch Creek Property-area Pre-1927

During the 1920s, Adams Plateau became known for its numerous zinc-lead-silver showings. The area was intensively prospected.

1927 The Elsie and Wallace zinc-lead-silver occurrences were discovered on the slope above the eastern shore of Adams Lake.

1928 Granby Mining Smelting and Power Company optioned the Elsie and conducted an extensive program of prospecting, trenching, and drilling on it (B.C. Min. Mines, Ann. Rept.;1928: p. C 210.). This greatly increased prospecting activity across Adams Plateau. Probably at about the same time, a series of at least 10 hand-trenches were dug to explore disseminated and massive sulphide mineralization in chloritic felsic crystal tuff east and south of the horse logging camp on the central part of the current MARION (604866) claim (Figure 5C). It is assumed that all of the current property-area was prospected by the late 1920s. The author found a massive sulphide block weighing in excess of 90 kg (198 lb) close to the doorway of the ruined bunkhouse in the logging camp (Figure 5C). The block had not moved for several decades and was assumed to have been placed there about the time that the hand trenches were dug. The author broke it with a sledge and sampled it. A composite chip sample (S23-1) contained: 456 ppm copper, 0.545% lead, 178 ppm zinc, >1% arsenic, 47.6 gm/mt (1.39 oz/ton) silver, and 2.05 gm/mt (0.06 oz/ton) gold (Table 7). The block was comprised of mostly pyrrhotite, arsenopyrite, pyrite, with minor amounts of sphalerite and galena.

1930 Several zinc-lead-silver occurrences had been discovered along Scotch Creek including the Iron Pot located on Acid (Ruby) Creek about 300 m (984.3 ft) east-southeast of the northeastern corner of the current SOUTHERN CROSS 2 (794662) claim (Figure 5E). By 1930, two short adits had been driven into mineralization at the showings area. H.G. Nichols, Resident Mining Engineer for the Central Mineral District, described the Iron Pot occurrences as follows:

> **This claim, opened by W. Henstridge of Celista, covers a mineral-exposure on the bank of a small Iron Pot creek flowing into Scotch Creek from the west at a distance of about 6 miles (9.7 km) north of Shuswap lake at an elevation of about 2,000 feet (609.6 m). A number of quartz-seams and mineralized leads are exposed in the bed of the creek, with an east-west strike and dip to the south. The mineralization is represented chiefly by pyrrhotite, but there is some lead and zinc associated with quartz. These bodies of mineral lie within a zone of about 400 feet (121.9 m) wide and the best showing is at the highest point on the side on the hill on the foot-wall side of the zone. Two short tunnels have been driven at this point on a lead which has a width of about 2 feet (0.61 m), but no values (probably gold concentrations) were obtained on sampling. It is reported that some fair gold values (concentrations) have been obtained from the lower seams and that nickel is also fund with the pyrrhotite.**
>
> B.C. Min. Mines, Ann. Rept.;1930: pp. A 188 - A 189.

1930 to 1970

K.L. Daughtry (1986) reported that during the 1960s, claims were staked by major companies to cover copper showings on Nikwikwaia Creek, located about 5 km (3.1 mi) northwest of the northwestern corner of the current MARION 2 (605310) claim. He reported that no significant exploration was conducted on those claims.

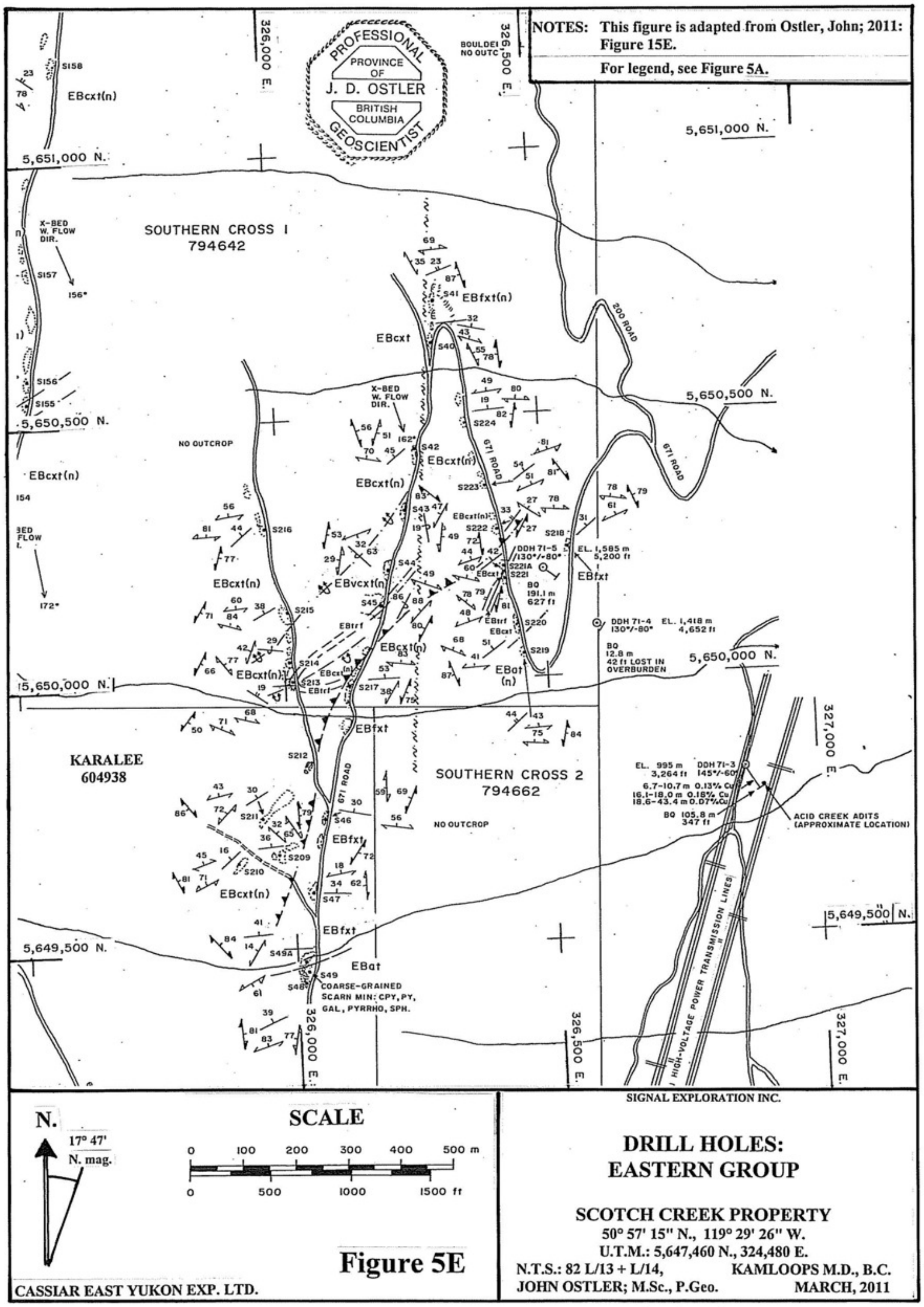
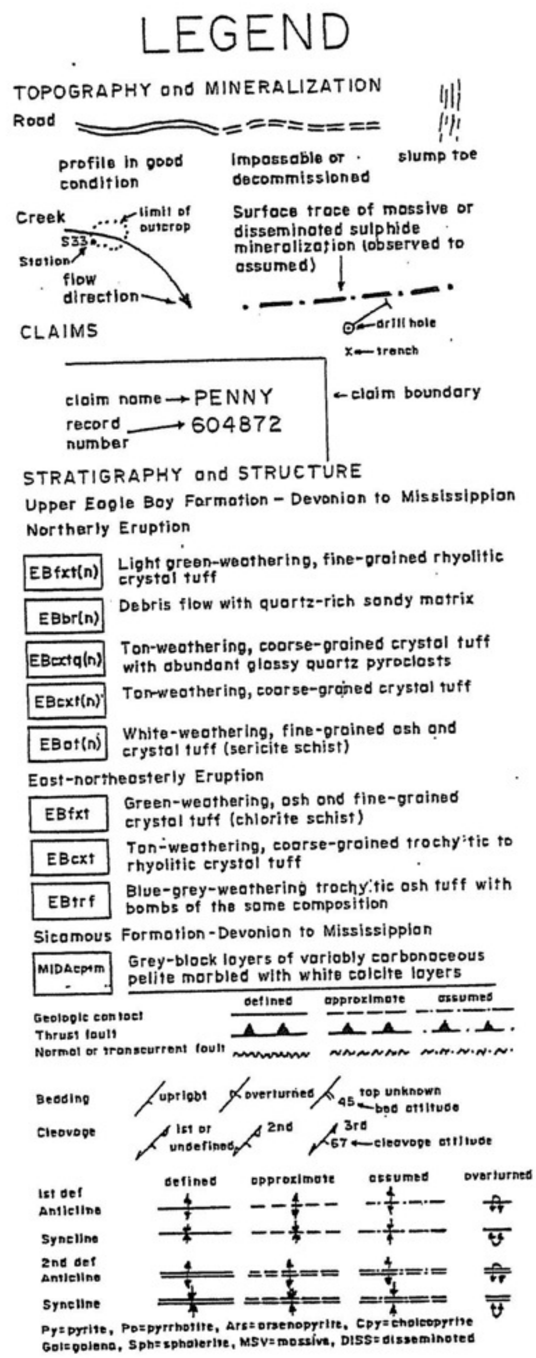


Figure 5E

Figure 5A

Legend to Figures 5E, 5C, and 5W



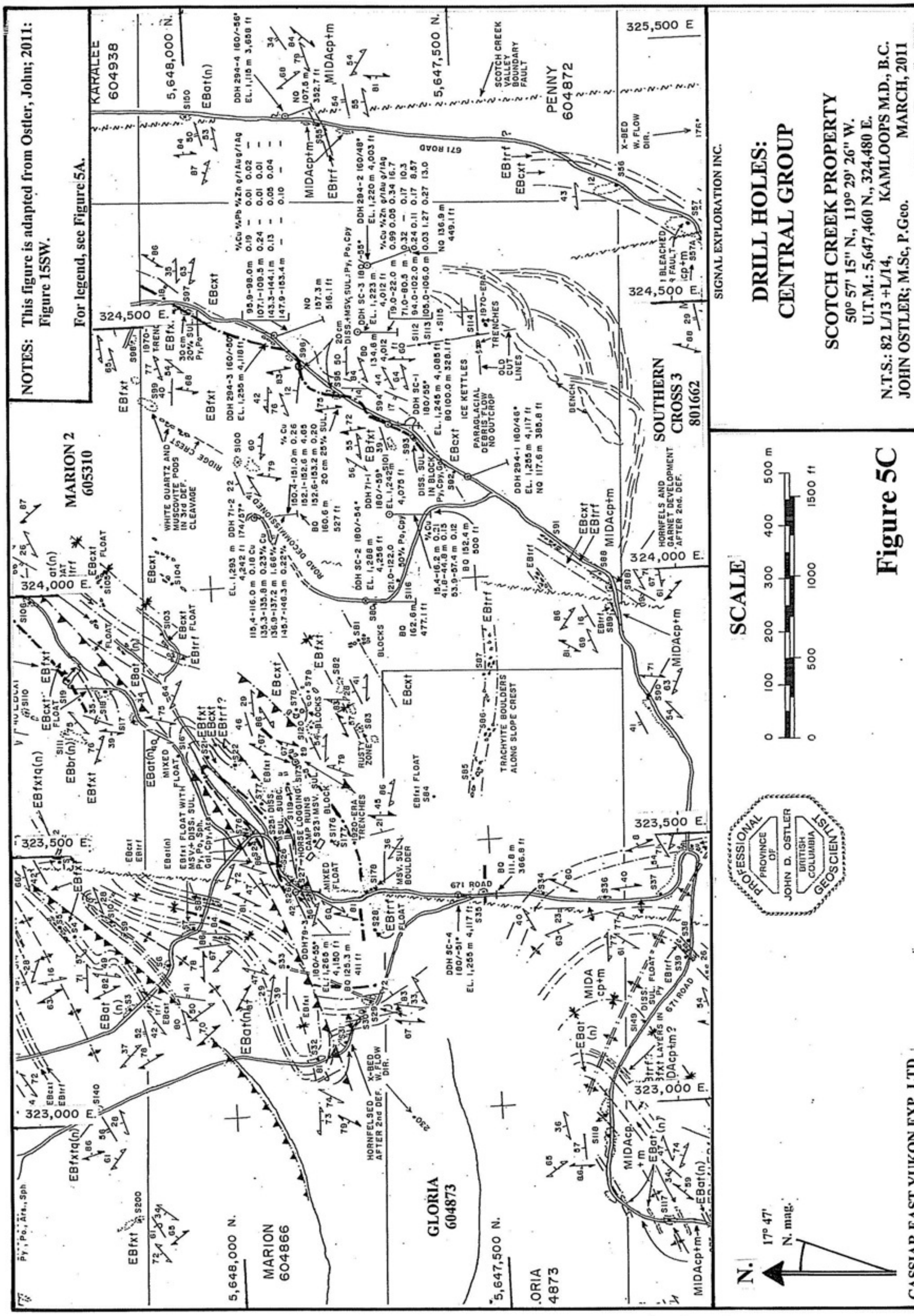
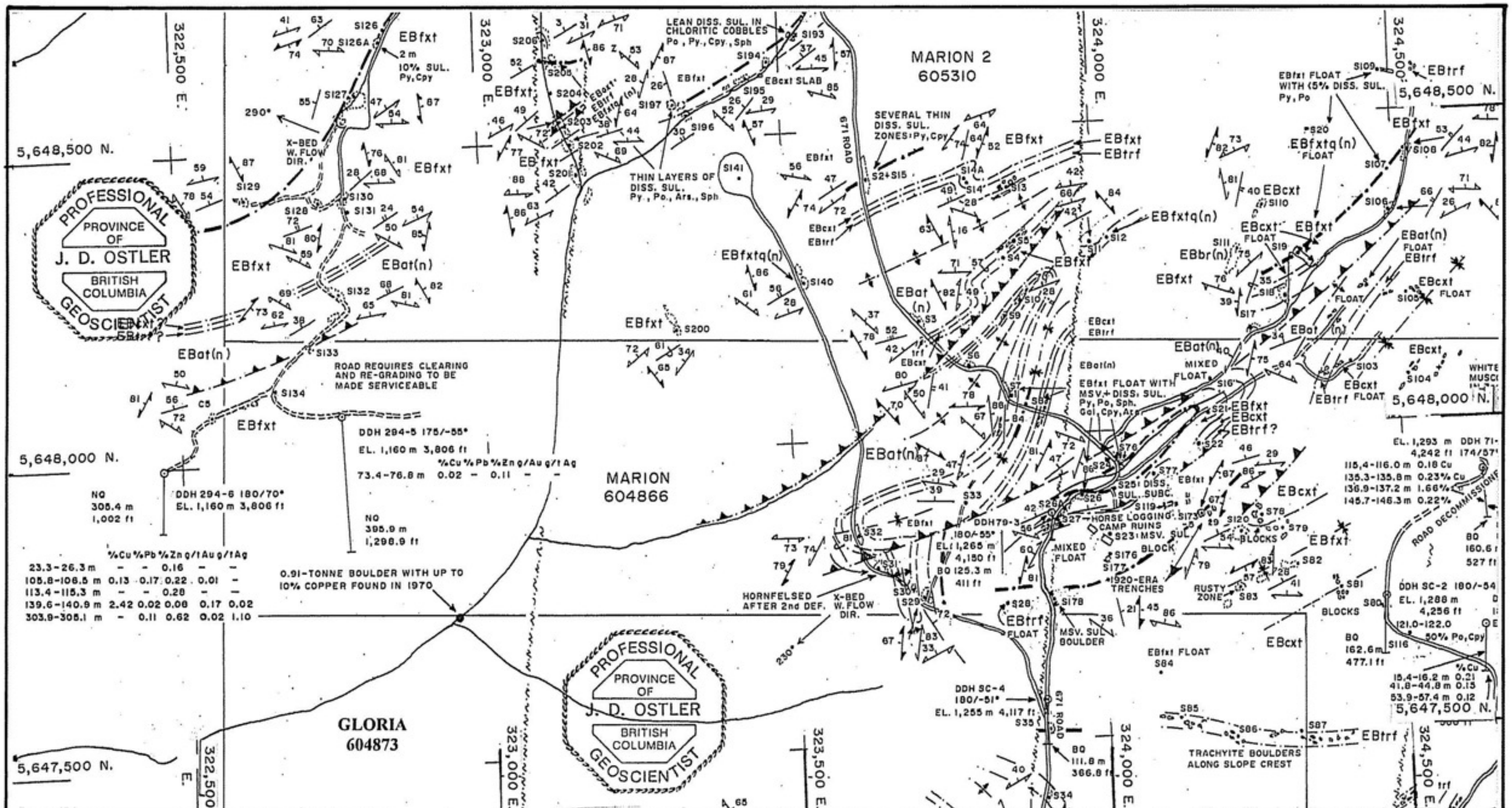

NOTES: This figure is adapted from Ostler, John; 2011: Figure 15SW.
For legend, see Figure 5A.
MARION 2
605310
KARALEE
604938
PENNY
604872
SOUTHERN
CROSS 3
801662
MARION
604866
GLORIA
604873
SCOTCH CREEK VALLEY BOUNDARY FAULT
SCALE
PROFESSIONAL GEOSCIENTIST
JOHN D. OSTLER
PROVINCE OF BRITISH COLUMBIA
N.
N. mag.
17° 47'
CASSIAR EAST YUKON EXP. LTD.
SIGNAL EXPLORATION INC.
DRILL HOLES:
CENTRAL GROUP
SCOTCH CREEK PROPERTY
50° 57' 15" N., 119° 29' 26" W.
U.T.M.: 5,647,460 N., 324,480 E.
N.T.S.: 82 L/13 +L/14, KAMLOOPS M.D., B.C.
JOHN OSTLER; M.Sc, P.Geo. MARCH, 2011

Figure 5C



NOTES: This figure is adapted from Ostler, John; 2011: Figure 15SW.

For legend, see Figure 5A.

N.
17° 47'
N. mag.

SCALE

0 100 200 300 400 500 m

0 500 1000 1500 ft

Figure 5W

CASSIAR EAST YUKON EXP. LTD.

SIGNAL EXPLORATION INC.

DRILL HOLES:
WESTERN GROUP

SCOTCH CREEK PROPERTY

50° 57' 15" N., 119° 29' 26" W.
U.T.M.: 5,647,460 N., 324,480 E.
N.T.S.: 82 L/13 +L/14, KAMLOOPS M.D., B.C.
JOHN OSTLER; M.Sc, P.Geo. MARCH, 2011

1970 K.L. Daughtry (1986) reported upon the exploration activity in the current Scotch Creek property-area as follows:

> In 1970, during the course of a regional exploration project, strong geochemical anomalies in copper and zinc were detected in stream sediments on Corning and Nikwikwaia Creeks. Follow-up prospecting resulted in the discovery of massive and disseminated stratabound pyrrhotite-pyritechalcopyrite- sphalerite mineralization on Nikwikwaia, Corning and Acid Creeks. The most attractive mineralization found at this stage was a 1-ton (0.91 tonne) boulder of massive sulphide mineralization discovered on the east fork of Corning Creek (Table 3, Figure 5W). A grab sample of this boulder contained over 10% copper. Two hundred claims were staked to cover the potentially favourable geological setting.
>
> Daughtry, K.L.; 1986: p. 4.

1970 to 1971

A total of 177 claims comprising the Nik, West, Corn, East, South, and Acid groups were recorded on maps produced by Derry, Michener, and Booth. The Nik group of 8 claims was staked on the upper west fork of Nikwikwaia Creek on November 9, 1970. The Acid group of 8 claims covering the area around the old Acid Creek adits was staked on November 17, 1970. Claims between those two groups were staked from January 4 to 23, 1971. The South 1 to 4 claims were staked on July 15, 1971 to cover anomalies on ground currently covered by the northeastern part of the SOUTHERN CROSS 3 (801662) claim. That property covered a roughly rectangular area of about 32 km^2 (11.9 mi^2).

1971 A grid comprising 66 km (41 mi) of line was flagged over a 28-km^2 (10.4-mi^2) area covering most of the 1971 claim group (Figures 4N and 4S). Lines were an average of about 450 m (1,476 ft) apart producing what K.L. Daughtry and A. Wynne (1987) described as a reconnaissance-scale grid. Soil and magnetometer surveys were conducted over most of the grid. Geological mapping traverses were made over a total of about 92 ha (227.2 A) around the headwaters of the eastern fork of Nikwikwaia Creek, on both forks of Corning Creek, along the ridge crest across the eastern part of the current MARION (604866) claim, and near the Acid Creek adits across the current SOUTHERN CROSS 1 (794642) claim.

Despite significant problems in that data (Section 7.0, this report), K.L. Daughtry (1986) reported the following results:

> ... This work indicated the presence of a 10,000-foot (3,048-m) long magnetically anomalous zone (on the present PENNY (604872), MARION (604866), and GLORIA (604873) claims) (Figure 6) which was co-incident with anomalous copper and zinc values (concentrations) in soils. The magnetic anomaly appeared to lie parallel with the stratigraphy and was correlative with a sulphidebearing sequence of phyllites...
>
> Daughtry, K.L.; 1986: p. 4-5.

From August 29 to September 29, 1971 Derry, Michener and Booth Ltd. conducted a drill program for the Shuswap Syndicate. A total of 622.4 m (2,042 ft) of BQ drilling was done. Holes 71-1 and 71-2 were drilled in the eastern part of the current MARION (604866) claim (Figures 4S and 5C). They were collared along a north-south trending soil line at locations about 250 and 500 m (820 and 1640 ft) north of the surface trace of the main magnetic anomaly respectively. Those holes were drilled southward at about -60°. Hole 71-1intersected three sections containing minor amounts of copper (Table 4). Lead and zinc concentrations were not reported. The best intersection, from 15.4 to 16.2 m (51 to 53 ft), contained 0.8 m (2 ft) of 0.21% copper, a trace of gold, and 2.40 gm/mt (0.07 oz/ton) silver. Although hole 71-2 was farther from the main anomaly, it contained 7 significantly mineralized intersections (Table 4). The best, being from 152.1 to 152.6 m (499.0 to 500.5 ft), hosted 0.5 m (1.5 ft) containing 4.65% copper, 1.37 gm/mt (0.04 oz/ton) gold, and 16.46 gm/mt (0.48 oz/ton) silver.

Hole 71-3 was drilled from a location about 50 m (164 ft) northwest of the Acid Creek adits and about 300 m (984.2 ft) east-southeast of the northeastern corner of the current SOUTHERN CROSS 2 (794662) claim (Figures 4N and 5E). That hole was at an orientation of 145/-60° in order to test the rock beneath and northwest of the adits. A total of seven significantly mineralized sections were cut in that hole (Table 4). The best intersection was 2.1 m (7 ft) from 29.1 to 1.2 m (95.5 to 102.5 ft) that contained 0.22% copper, a trace of gold, and 0.69 gm/mt (0.02 oz/ton) silver. The drill was moved to a location about 400 m (1,312.3 ft) northwestward up the slope at the eastern boundary of the current SOUTHERN CROSS 1 (794642) claim. The hole at that location, 71-4 was lost in 12.8 m (42ft) of overburden.

The drill was moved another 200 m northwestward up the slope onto the current SOUTHERN CROSS 1 (794642) claim where hole 71-5 was drilled at an orientation of 130/-80° (Figures 4N and 5E). That hole was 191.1 m (627 ft) long and seems to have been designed to intersect the Acid Creek zone at depth. No significantly mineralized zones were intersected in hole 71-5.

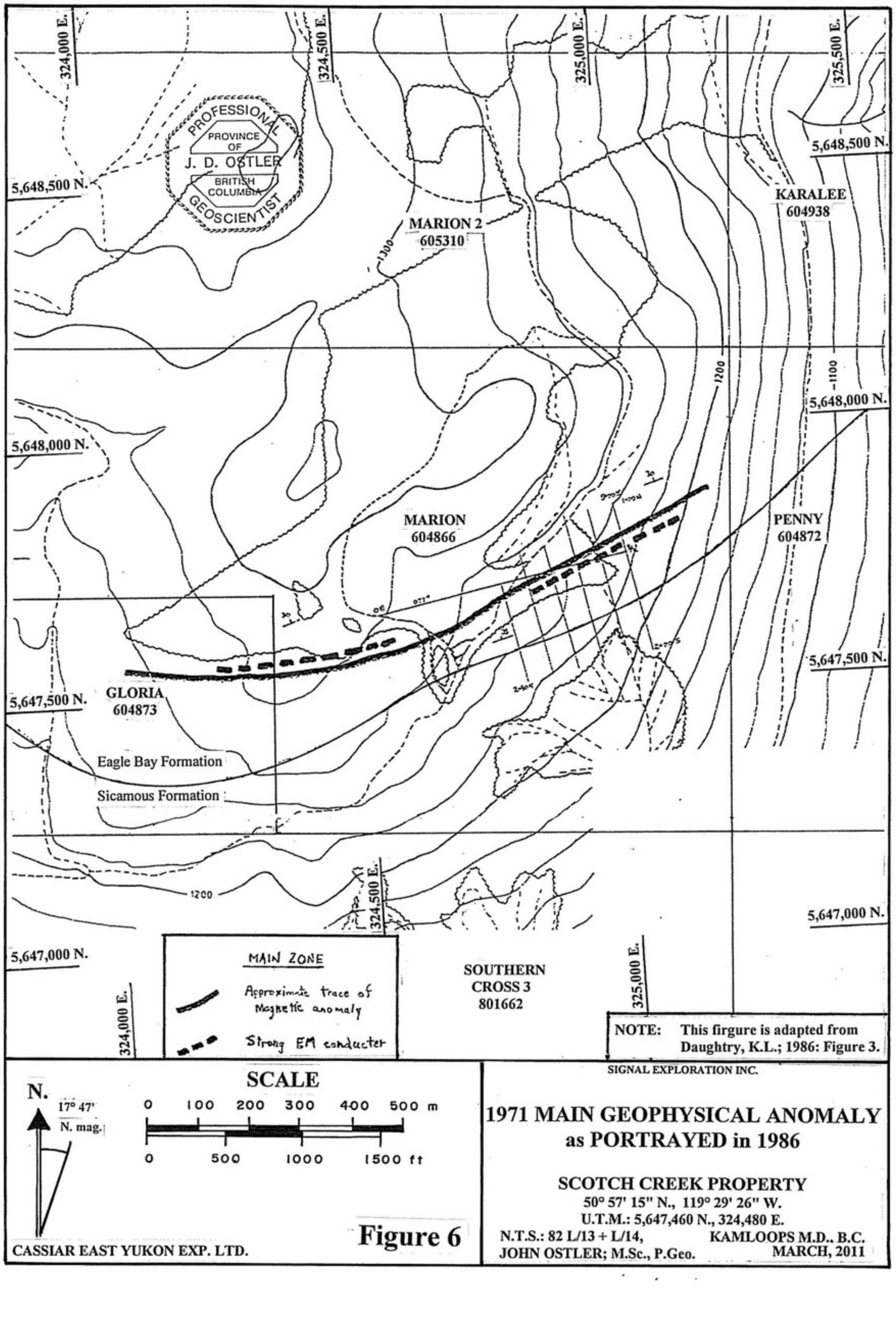


Figure 6

Table 4
Significant Drill Intersections

Drill Hole No. and U.T.M. Location	On Current Claim	Orientation	Elevation m ft	Length m ft	Interval m ft	Cu %	Pb %	Zn %	Au gm/mt oz/t	Ag gm/mt oz/t
71-1 5,647,652 N., 324,625 E.	MARION 604866	180/-59°	1,242 4,074.8	152.4 500.0	15.4-16.2 51.0-53.0 41.8-44.8 137.0-147.0 53.9-57.4 177.0-178.0	0.21 0.15 0.12	? ? ?	? ? ?	Trace Trace Trace	2.40 0.07 Trace Trace
71-2 5,647,910 N., 324,630 E.	MARION 604866	174/-57°	1,293 4,242.1	160.6 527	115.4-116.0 378.5-380.5 135.3-135.8 444.0-445.5 136.9-137.2 449.0-450.0 145.7-146.3 478.0-480.0 150.4-151.0 493.5-495.5 152.1-152.6 499.0-500.5 152.6-153.2 500.5-502.5	0.18 0.23 1.66 0.22 0.26 4.65 0.20	? ? ? ? ? ? ?	? ? ? ? ? ? ?	Trace 0.17 0.005 0.34 0.010 0.34 0.010 Trace 1.37 0.04 Trace	Trace 2.06 0.06 6.86 0.20 1.37 0.04 Trace 16.5 0.48 Trace
71-3 5,649,812 N., 326,865 E.	312 m (1,023.6 ft) east of property	145/63°	995 3,264.4	105.8 347.0	18.6-20.4 61.0-67.0 20.4-21.3 67.0-70.0 21.6-23.2 71.0-76.0 24.7-26.2 81.0-86.0 26.2-27.7 86.0-91.0 29.1-31.2 95.5-102.5 40.1-40.7 131.5-133.5	0.12 0.14 0.13 0.14 0.10 0.22 0.13	? ? ? ? ? ? ?	? ? ? ? ? ? ?	0.17 0.005 Trace Trace Trace Trace Trace Trace	1.37 0.04 1.03 0.03 1.03 0.03 0.69 0.02 0.69 0.02 0.69 0.02 1.37 0.04
71-4 5,650,090 N., 326,595 E.	SOUTHERN CROSS 1 794642	130/-60°	1,418 4,652.2	12.8 42.0	lost in overburden at 12.8 42.0					
71-5 5,650,205 N., 326,500 E.	SOUTHERN CROSS 1 794642	130/-80°	1,585 5,200.1	191.1 627	No significant intersections					
SC-1 5,647,650 N., 324,795 E.	MARION 604866	180/-55°	1,245 4,084.6	100.0 328.1	No significant intersections					
SC-2 5,647,705 N, 324,464 E	MARION 604866	180/-54°	1,288 4,225.7	162.6 477.1	121.0-122.0 397.0-400.3 50% po, cpy				metal content unknown	
SC-3 5,647,695 N., 324,970 E.	MARION 604866	180/-55°	1,223 4,012.5	134.6 441.6	19.0-22.0 62.3-72.2 71.0-80.5 232.9-264.1 94.0-102.0 308.4-334.6 105.0-106.0 344.5-347.8	0.99 0.32 0.24 0.03	Trace Trace Trace Trace	0.05 Trace 0.11 1.27	0.34 0.010 0.17 0.005 0.17 0.005 0.27 0.008	16.1 .0.47 10.3 0.30 8.57 0.25 13.0 0.38

NOTES: Significant intersections are defined as those containing more than 0.1% copper, lead, or zinc.
Po = pyrrhotite, Py = pyrite, Cpy = chalcopyrite, Gal = galena, sph = sphalerite, ars = arsenopyrite

Table 4 Continued
Significant Drill Intersections

Drill Hole No. and U.T.M. Location	On Current Claim	Orientatio n	Elevation m ft	Length m ft	Interval m ft	Cu %	Pb %	Zn %	Au gm/mt oz/t	Ag gm/mt oz/t
SC-4 5,647,440 N., 323,895 E.	GLORIA 604873	180/-51°	1,255 4,117.4	111.8 366.8	No significant intersections					
79-3 5,647,868 N., 323,933 E.	MARION 604866	180/-55°	1,265 4,150.0	125.3 411.1	No significant intersections					
294-1 5,647,502 N., 324,693 E.	MARION 604866	160/-46°	1,255 4,117.4	117.6 385.8	No significant intersections					
294-2 5,647,670 N., 325,095 E.	MARION 604866	160/-48°	1,220 4,002.6	136.9 449.1	No significant intersections					
294-3 5,647,860 N., 324,970 E.	MARION 604866	160/-50°	1,255 4,117.5	157.3 516.1	95.9-98.0 314.6-321.5 107.1-109.5 351.4-359.3 143.3-144.1 470.1-472.8 147.9-153.4 485.2-503.3	0.19 0.24 0.13 Trace	Trace Trace Trace Trace	0.01 0.01 0.05 0.10	0.02 0.001 0.01 <0.001 0.04 0.001 Trace	Trace Trace Trace Trace
294-4 5,647,810 N., 325,380 E.	PENNY 604872	160/-56°	1,115 3,658.1	107.5 352.7	No significant intersections					
294-5 5,648,074 N., 322,765 E.	MARION 604866	175/-55°	1,160 3,805.8	395.9 1,298.9	73.4-76.8 240.8-252.0	0.02	Trace	0.11	Trace	Trace
294-6 5,647,995 N., 322,469 E.	98 m (321.5 ft) west of property	180/-70°	1,160 3,805.8	305.4 1,002.0	23.3-26.3 76.4-86.3 105.8-106.5 347.1-349.4 113.4-115.3 372.1-378.3 139.6-140.9 458.0-462.3 303.9-305.1 997.1-1001.0	Trace 0.13 Trace 2.42 Trace	Trace 0.17 Trace 0.02 0.11	0.16 0.22 0.28 0.08 0.62	Trace 0.11 0.003 Trace 0.17 0.005 0.02 0.001	Trace Trace Trace 0.02 0.001 1.10 0.032

NOTES: Significant intersections are defined as those containing more than 0.1% copper, lead, or zinc.
Po = pyrrhotite, Py = pyrite, Cpy = chalcopyrite, Gal = galena, sph = sphalerite, ars = arsenopyrite

1972 to 1975 Work on the Shuswap Syndicate's property ceased and the claims comprising it lapsed.

1976 In May, 1976, K.L. Daughtry staked the SCOTCH (371) claim comprising 15 units covering 375 ha (926.3 A) to cover the main 1971 geophysical anomaly (Figure 6). He sold the claim to Brican Resources Ltd., through a non-arms-length transaction. Brican optioned it to Craigmont Mines Ltd. K.L. Daughtry and A. Wynne (1987) reported that an additional 6 claims comprising 104 claim units, the SC1 to SC6, covering 2,600 ha (6,422 A), had been staked during 1976. Craigmont commissioned an airborne DIGHEM survey of an extensive area that included the 1976-era SC claim group (Fraser, 1976) (not available).

1977 A grid comprising 48 km (29.3 mi) of line and covering 9.4 km^2 (3.5 mi^2) was cut in an area that covered most of the current Scotch Creek property (Figures 4N and 4S). K.L. Daughtry and A. Wynne (1987) reported that soil geochemical, magnetometer and very low frequency electromagnetic surveys were conducted over the whole grid area. Only the results of the soil survey were filed for assessment credit by N.B. Vollo (1977B).

The north-south lines of the 1977 Craigmont grid were about 200 m (656.2 ft) apart. Soil-copper, lead and zinc concentrations were plotted on Vollo's (1977B) maps. The author re-contoured the 1977 soil survey data using the thresholds of the current 2010 survey so that they could be compared directly (Figures 7 to 9, and 19 to 23).

From May 16 to June 10, 1977, Craigmont conducted a diamond drill program of 509 m (1,669.9 ft) of BQ core drilled in four holes. Holes SC-1 and SC-2 were drilled north of the road that extends along the slope crest in the eastern part of the current MARION (604866) claim. They flanked the Shuswap Syndicate's holes 71-1 and 71-2 on the east and west respectively. Drill hole SC-3 was drilled down hill from the road at a location about 190 m (623.4 ft) east-northeast of hole SC-1. Drill hole SC-3 penetrated the most intense part of the 1971 geophysical anomaly. Drill hole SC-4 was drilled beneath the 671 road in the eastern part of the current GLORIA (604873) claim. SC-4 tested what was perceived to be the western extension of a single east-west trending anomaly (Daughtry and Wynne, 1987) (Figure 6).

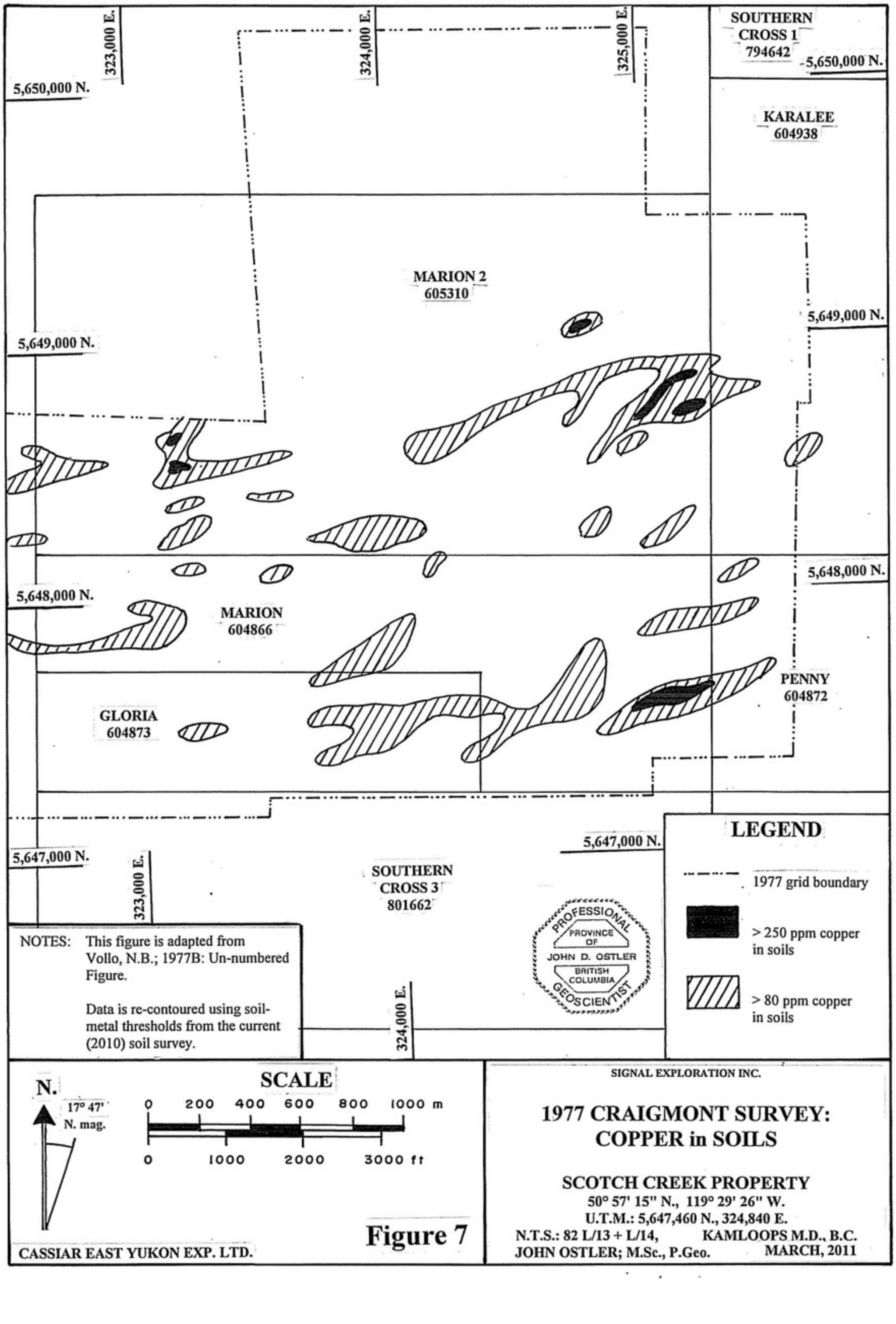
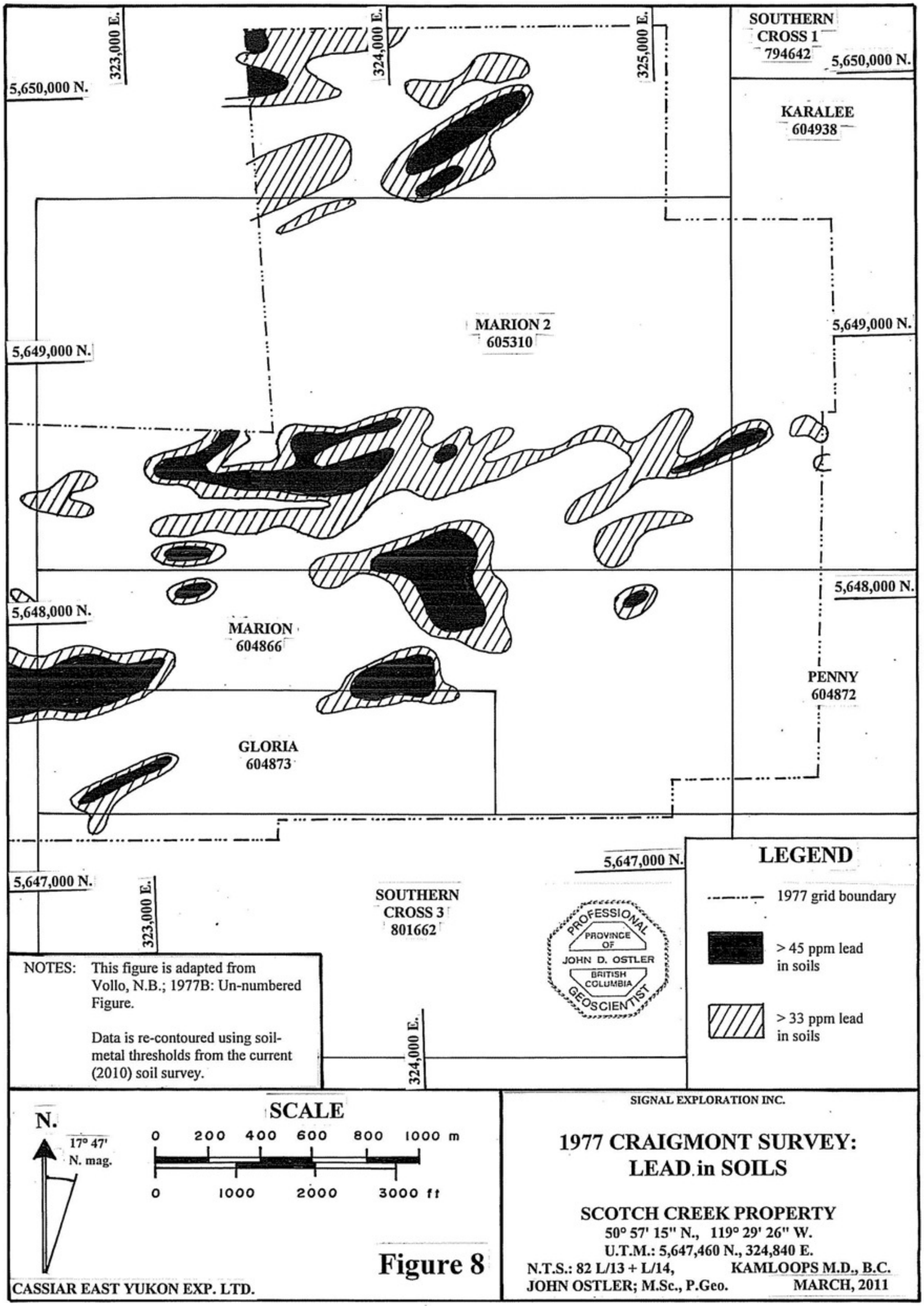
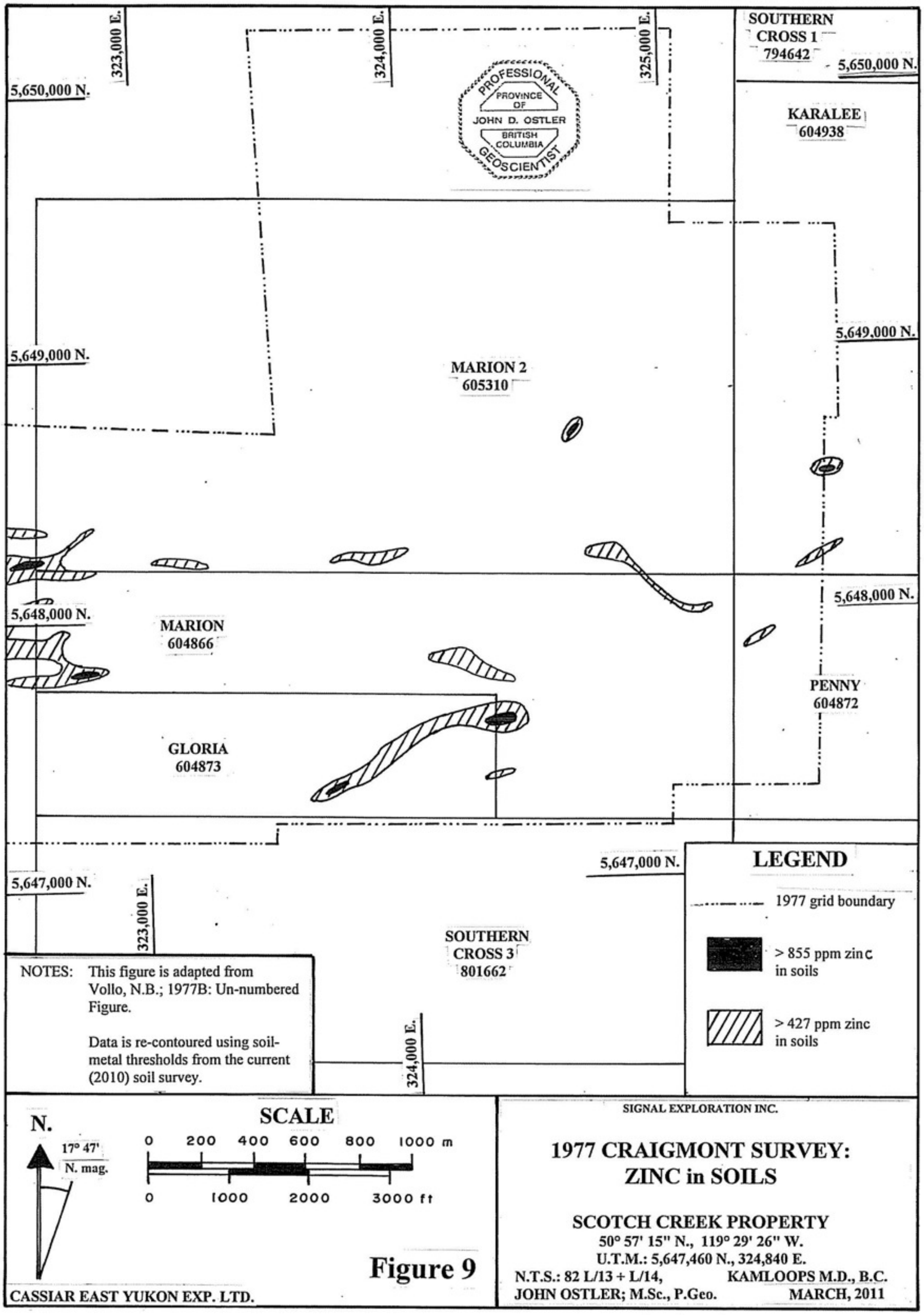

SOUTHERN CROSS 1
794642
5,650,000 N.
323,000 E.
324,000 E.
325,000 E.
KARALEE
604938
MARION 2
605310
5,649,000 N.
5,649,000 N.
5,648,000 N.
5,648,000 N.
MARION
604866
PENNY
604872
GLORIA
604873
5,647,000 N.
5,647,000 N.
323,000 E.
SOUTHERN CROSS 3
801662
324,000 E.
LEGEND
1977 grid boundary
> 250 ppm copper in soils
> 80 ppm copper in soils
PROFESSIONAL
PROVINCE OF
JOHN D. OSTLER
BRITISH COLUMBIA
GEOSCIENTIST
NOTES: This figure is adapted from Vollo, N.B.; 1977B: Un-numbered Figure.
Data is re-contoured using soil-metal thresholds from the current (2010) soil survey.
N.
17° 47' N. mag.
SCALE
0 200 400 600 800 1000 m
0 1000 2000 3000 ft
CASSIAR EAST YUKON EXP. LTD.
SIGNAL EXPLORATION INC.
1977 CRAIGMONT SURVEY: COPPER in SOILS
SCOTCH CREEK PROPERTY
50° 57' 15" N., 119° 29' 26" W.
U.T.M.: 5,647,460 N., 324,840 E.
N.T.S.: 82 L/13 + L/14, KAMLOOPS M.D., B.C.
JOHN OSTLER; M.Sc., P.Geo. MARCH, 2011

Figure 7



323,000 E.
324,000 E.
325,000 E.
5,650,000 N.
5,649,000 N.
5,648,000 N.
5,647,000 N.
SOUTHERN CROSS 1
794642
KARALEE
604938
MARION 2
605310
MARION
604866
PENNY
604872
GLORIA
604873
SOUTHERN CROSS 3
801662
LEGEND
1977 grid boundary
> 45 ppm lead in soils
> 33 ppm lead in soils
PROFESSIONAL
PROVINCE OF
JOHN D. OSTLER
BRITISH COLUMBIA
GEOSCIENTIST
NOTES: This figure is adapted from Vollo, N.B.; 1977B: Un-numbered Figure.
Data is re-contoured using soil-metal thresholds from the current (2010) soil survey.
N.
17° 47'
N. mag.
SCALE
0 200 400 600 800 1000 m
0 1000 2000 3000 ft
CASSIAR EAST YUKON EXP. LTD.
SIGNAL EXPLORATION INC.
1977 CRAIGMONT SURVEY: LEAD in SOILS
SCOTCH CREEK PROPERTY
50° 57' 15" N., 119° 29' 26" W.
U.T.M.: 5,647,460 N., 324,840 E.
N.T.S.: 82 L/13 + L/14,
KAMLOOPS M.D., B.C.
JOHN OSTLER; M.Sc., P.Geo.
MARCH, 2011

Figure 8


323,000 E.
324,000 E.
325,000 E.
SOUTHERN CROSS 1
794642
5,650,000 N.
5,650,000 N.
PROFESSIONAL
PROVINCE OF
JOHN D. OSTLER
BRITISH COLUMBIA
GEOSCIENTIST
KARALEE
604938
5,649,000 N.
5,649,000 N.
MARION 2
605310
5,648,000 N.
5,648,000 N.
MARION
604866
PENNY
604872
GLORIA
604873
5,647,000 N.
5,647,000 N.
323,000 E.
SOUTHERN CROSS 3
801662
324,000 E.
LEGEND
1977 grid boundary
> 855 ppm zinc in soils
> 427 ppm zinc in soils
NOTES: This figure is adapted from Vollo, N.B.; 1977B: Un-numbered Figure.
Data is re-contoured using soil-metal thresholds from the current (2010) soil survey.
N.
17° 47'
N. mag.
SCALE
0 200 400 600 800 1000 m
0 1000 2000 3000 ft
Figure 9
CASSIAR EAST YUKON EXP. LTD.
SIGNAL EXPLORATION INC.
1977 CRAIGMONT SURVEY: ZINC in SOILS
SCOTCH CREEK PROPERTY
50° 57' 15" N., 119° 29' 26" W.
U.T.M.: 5,647,460 N., 324,840 E.
N.T.S.: 82 L/13 + L/14,
KAMLOOPS M.D., B.C.
JOHN OSTLER; M.Sc., P.Geo.
MARCH, 2011

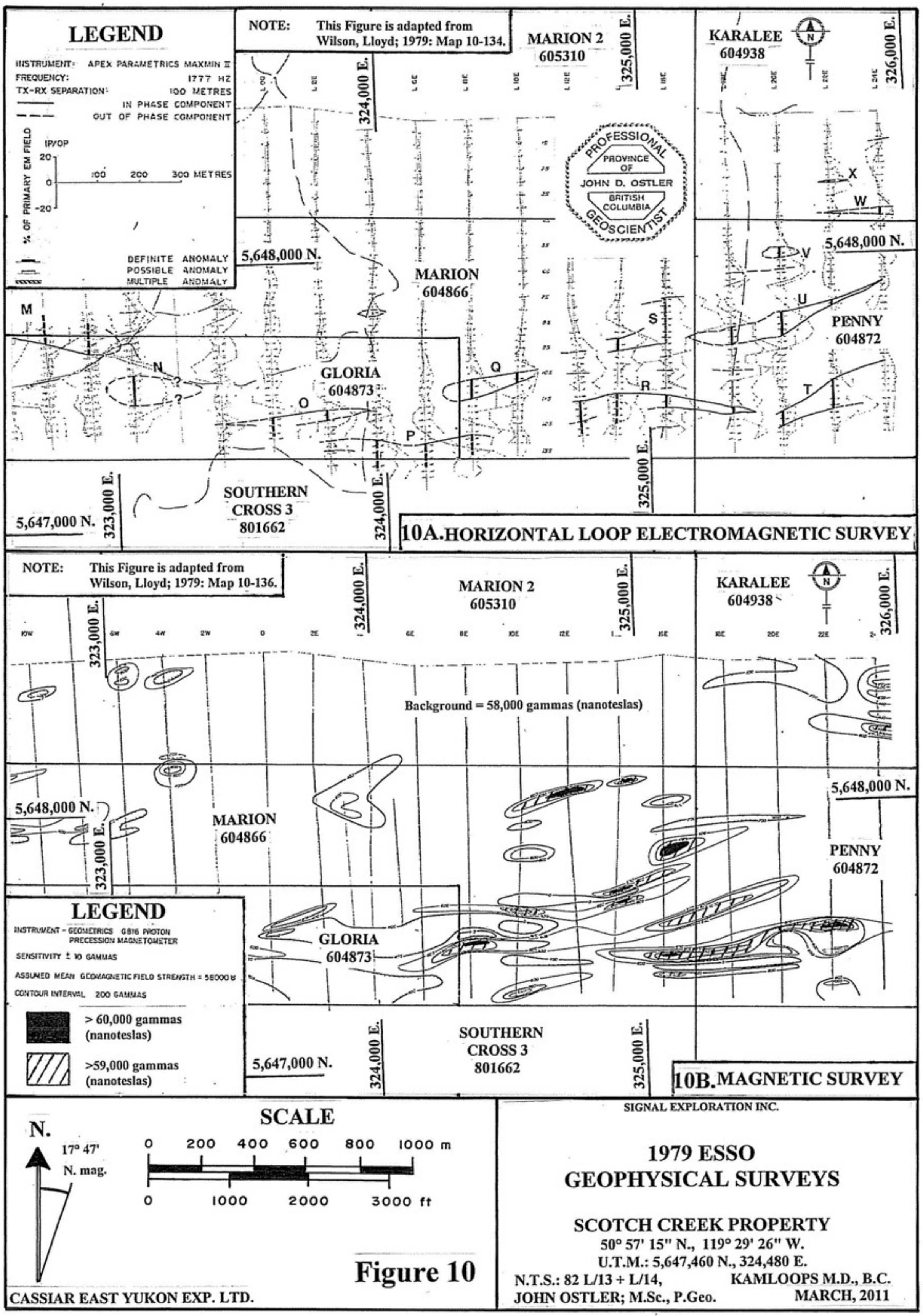

LEGEND
INSTRUMENT: APEX PARAMETRICS MAXMIN II
FREQUENCY: 1777 HZ
TX-RX SEPARATION: 100 METRES
IN PHASE COMPONENT
OUT OF PHASE COMPONENT
% OF PRIMARY EM FIELD
IP/OP
100 200 300 METRES
DEFINITE ANOMALY
POSSIBLE ANOMALY
MULTIPLE ANOMALY
NOTE: This Figure is adapted from Wilson, Lloyd; 1979: Map 10-134.
MARION 2
605310
KARALEE
604938
324,000 E.
325,000 E.
326,000 E.
5,648,000 N.
MARION
604866
GLORIA
604873
PENNY
604872
PROFESSIONAL
PROVINCE OF BRITISH COLUMBIA
JOHN D. OSTLER
GEOSCIENTIST
SOUTHERN CROSS 3
801662
5,647,000 N.
323,000 E.
10A. HORIZONTAL LOOP ELECTROMAGNETIC SURVEY
NOTE: This Figure is adapted from Wilson, Lloyd; 1979: Map 10-136.
MARION 2
605310
KARALEE
604938
Background = 58,000 gammas (nanoteslas)
5,648,000 N.
MARION
604866
PENNY
604872
GLORIA
604873
LEGEND
INSTRUMENT - GEOMETRICS G816 PROTON PRECESSION MAGNETOMETER
SENSITIVITY ± 10 GAMMAS
ASSUMED MEAN GEOMAGNETIC FIELD STRENGTH = 58000 γ
CONTOUR INTERVAL 200 GAMMAS
> 60,000 gammas (nanoteslas)
>59,000 gammas (nanoteslas)
5,647,000 N.
324,000 E.
SOUTHERN CROSS 3
801662
325,000 E.
10B. MAGNETIC SURVEY
N.
17° 47'
N. mag.
SCALE
0 200 400 600 800 1000 m
0 1000 2000 3000 ft
CASSIAR EAST YUKON EXP. LTD.
SIGNAL EXPLORATION INC.
1979 ESSO
GEOPHYSICAL SURVEYS
SCOTCH CREEK PROPERTY
50° 57' 15" N., 119° 29' 26" W.
U.T.M.: 5,647,460 N., 324,480 E.
N.T.S.: 82 L/13 + L/14,
KAMLOOPS M.D., B.C.
JOHN OSTLER; M.Sc., P.Geo.
MARCH, 2011

Figure 10

In his notes on drilling, K.L. Daughtry wrote that hole SC-1 intersected minor sulphides in concentrations up to 5% pyrrhotite, pyrite, chalcopyrite, and sphalerite. He noted that SC-2 intersected 1 m (3.3 ft) of massive pyrrhotite and chalcopyrite. Such an intersection was recorded without assays from 121 to 122 m (397.0 to 400.3 ft) in the SC-2 drill log. Drill hole SC-3 was the most successful hole of the 1977 program. It intersected four significantly mineralized zones including 3 m (9.8 ft) from 19 to 22 m (62.3-72.2 ft) containing 0.99% copper, 0.05% zinc, 16.1 gm/mt (0.47 oz/ton) silver, and 0.34 gm/mt (0.01 oz/ton) gold. Farther down that hole, two other long intersections containing 0.32% and 0.24% copper respectively were reported in the SC-3 drill log (Table 4). Hole SC-4 intersected only weak mineralization.

1978 No further work was conducted on the SCOTCH claim group. Craigmont Mines Limited dropped its option on the property on September 30, 1978. The SC-1 to SC-6 claims were allowed to lapse. The SCOTCH 2 (1587) claim of 18 claim units covering 450 ha (1,080 A) was staked adjacent to the western boundary of the SCOTCH (371) claim. The renewed 2-claim property covered a total of 825 ha (2,037.5 A).

1979 Activity in the current Scotch Creek property-area in 1979 was described as follows: Esso Resources Canada Ltd. optioned the SCOTCH property from Brican in March, 1979 and conducted further ground magnetometer and electromagnetic Max Min (horizontal loop) surveys. This work confirmed the presence of strong magnetic anomalies with significant apparent displacement from the location defined by Craigmont. One short hole was drilled by Esso to test one of the conductors. This hole intersected both sulphide mineralization and graphitic schist.

Daughtry, K.L and Wynne A.; 1987: p. 6.

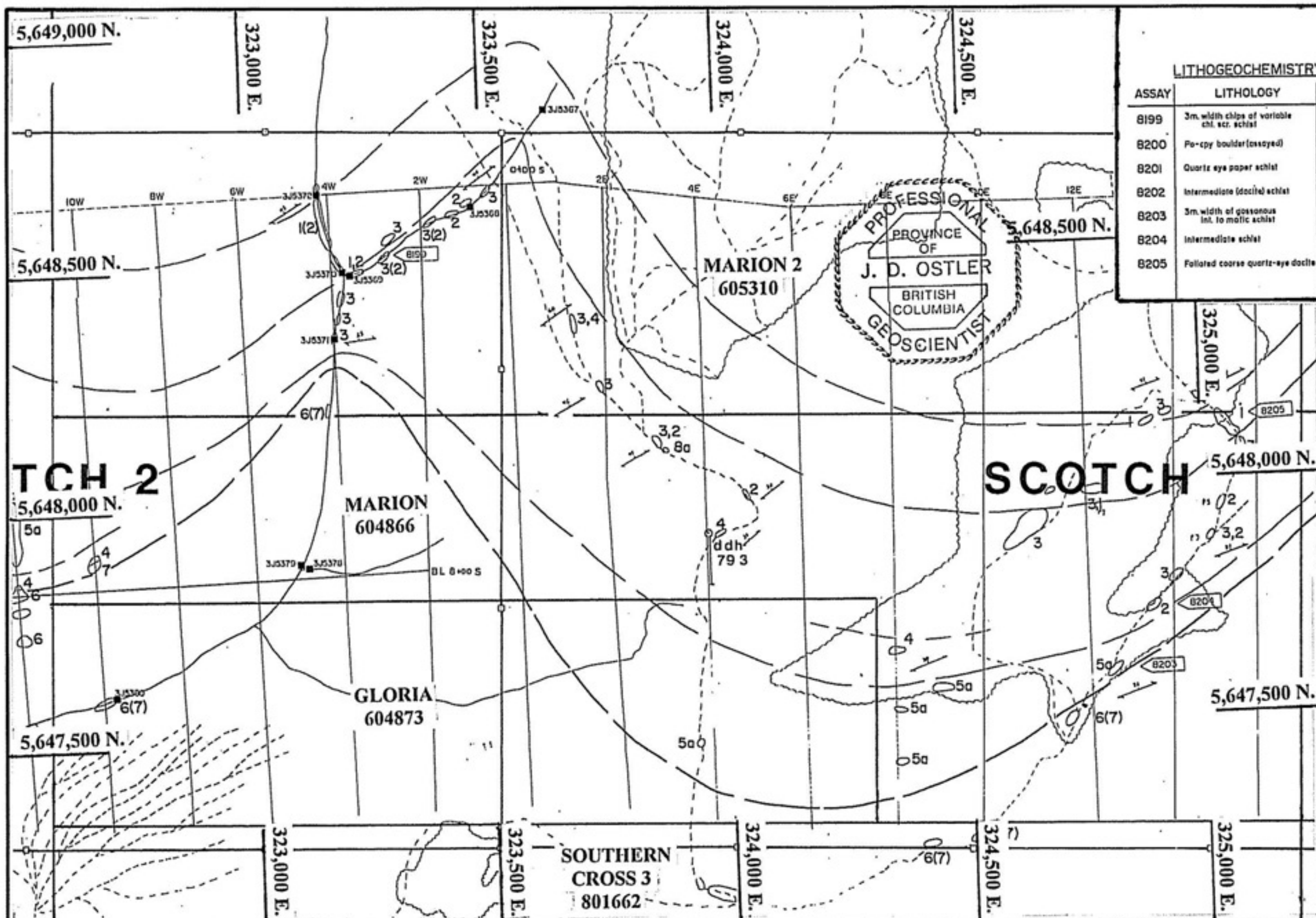
A grid comprising 42.3 km (25.8 mi) of line and covering an area of 7.8 km^2 (2.98 mi^2) was cut for Esso by Scope Exploration Services from May 15 to June 7, 1979 (Figure 4S). The eastern and centralparts of the 1979 grid covered the southern and central parts of the current Scotch Creek property. MAX-MIN horizontal-loop, electromagnetic, and ground magnetic surveys were conducted over the grid from June 14 to 22, 1979 (Figure 10). The ground magnetic data were corrected for diurnal variation in magnetic flux.

Esso Resources Canada Limited drilled one 125.3-m (411.1-ft) long hole from July 18 to 20, 1979. Drilling was done at west side of the 671 road in the central part of the MARION (604866) claim (Figure 5C). The hole tested a short electromagnetic conductor that was identified by the 1979 survey. Several thin and lean sulphide-bearing zones were penetrated in tuffaceous volcanic rocks above a graphitic sedimentary layer encountered at the bottom of the hole.

1980 to 1982 No work was recorded from the current property-area.

1983 Esso Resources Canada Limited commissioned J.M. Marr (1984) to conduct a program of reconnaissance mapping, silt and rock-chip sampling across the 1979 Esso grid which extended from the eastern part of the current MARION (604866) claim-area westward to the main branch of Corning Creek. The eastern two/thirds of that program was conducted in the area of the current Scotch Creek property (Figures 4N, 4S, and 11). Marr walked a total of 7.6 km (4.6 mi) in three traverse-areas including the ridge across the northeastern part of the MARION (604866) claim, along the 671 road and in the eastern fork of Corning Creek on the MARION (604866), GLORIA (604873) and MARION 2 (605310) claims, and near the western boundary of the current MARION (604866) claim.

1984 By April 25, 1984 when J.M. Marr (1984) filed the 1983 work for assessment credit, the SCOTCH 2 (1587) claim had been allowed to lapse, reducing the property to the original SCOTCH (371) claim. Subsequently, Esso Resources terminated its option to acquire the SCOTCH property.



LEGEND

LITHOGEOCHEMISTRY ICP MIN-EN FILE No. 3-750

ASSAY	LITHOLOGY	Ag	As	Cu	Mo	Pb	Sb	Zn	Ba	Fe O	K O	Na O	Rb	Sr
8199	3m. width chips of variable chl. scr. schist	0	2	186	12	28	0	57	1780	30,400	36,800	20,300	133	161
8200	Po-cpy boulder (assayed)	.01oz	-	.22%	-	.01%	-	.24%	-	.001oz.Au	-	-	-	-
8201	Quartz eye paper schist	0	3	41	10	38	0	118	1470	31,500	47,200	9060	141	116
8202	Intermediate (dacite) schist	0	0	105	11	26	0	21	1610	30,700	34,300	22,300	88	197
8203	3m. width of gossanous int. to mafic schist	0	0	79	32	63	0	107	926	94,000	30,100	13,500	91	163
8204	Intermediate schist	0	22	76	26	60	6	162	1040	57,100	40,900	7,500	104	144
8205	Foliated coarse quartz-eye dacite	0	0	7	5	13	0	78	1100	21,000	24,800	32,800	60	250

8201 — ICP Rock Chip Sample

- 8 Minor Intrusives. 8a: Quartz Feldspar Pophyry 8b: Diabase
- 7 Argillite, phyllitic, mainly limy
- 6 Limestone, typically argillaceous, locally dolomitic
- 5 Greenschist a) schistose, fissile b) more massive
- 4 Papery sericite schist
- 3 Small quartz eye sericite schist
- 2 More massive, layered slabby tuffs or distal flows
- 1 Coarse quartz eye (<1cm.) schist

Dacitic in Composition (4, 3, 2, 1)

STREAM SEDIMENT SAMPLES MIN-EN FILE No. 3-750

Sample Number	Ag	As	B	Co	Cu	Mn	Mo	Pb	Sb	Zn
3J5367	2.1	0	15	20	35	3030	20	60	1	71
5368	1.8	17	13	22	35	956	16	53	0	53
5369	1.7	37	11	20	87	887	16	49	1	98
5370	1.5	41	12	20	51	584	18	54	3	70
5371	1.7	53	11	21	69	589	15	48	4	75
5372	1.8	30	12	20	62	622	14	43	1	67
5373	2.5	73	13	28	64	755	19	73	4	108
5374	2.5	109	18	38	157	956	30	139	13	196
5375	1.8	36	13	22	119	741	18	77	5	122
5376	1.8	27	11	20	106	626	17	57	1	110
5377	1.8	21	12	21	86	688	18	68	1	109
5378	1.9	59	12	21	74	839	17	84	7	107
5379	1.4	23	11	20	73	608	16	62	1	77
3J5380	1.5	42	11	22	74	638	19	52	3	96

■ 3J5378 — Silt Sample

N.
17° 47'
N. mag.

NOTES: This figure is adapted from Marr, J.M.; 1984: Map 1.

Some of the silt and whole-rock analyses reported in the legend of this figure are from locations west of the current property and are not included in this figure.

SCALE

0 100 200 300 400 500 m

0 500 1000 1500 ft

Figure 11

CASSIAR EAST YUKON EXP. LTD.

SIGNAL EXPLORATION INC.

1983 ESSO GEOLOGICAL MAPPING, SILT, and LITHOGEOCHEMICAL SURVEYS

SCOTCH CREEK PROPERTY
50° 57' 15" N., 119° 29' 26" W.
U.T.M.: 5,647,460 N., 324,840 E.
N.T.S.: 82 L/13 + L/14, KAMLOOPS M.D., B.C.
JOHN OSTLER; M.Sc., P.Geo. MARCH, 2011

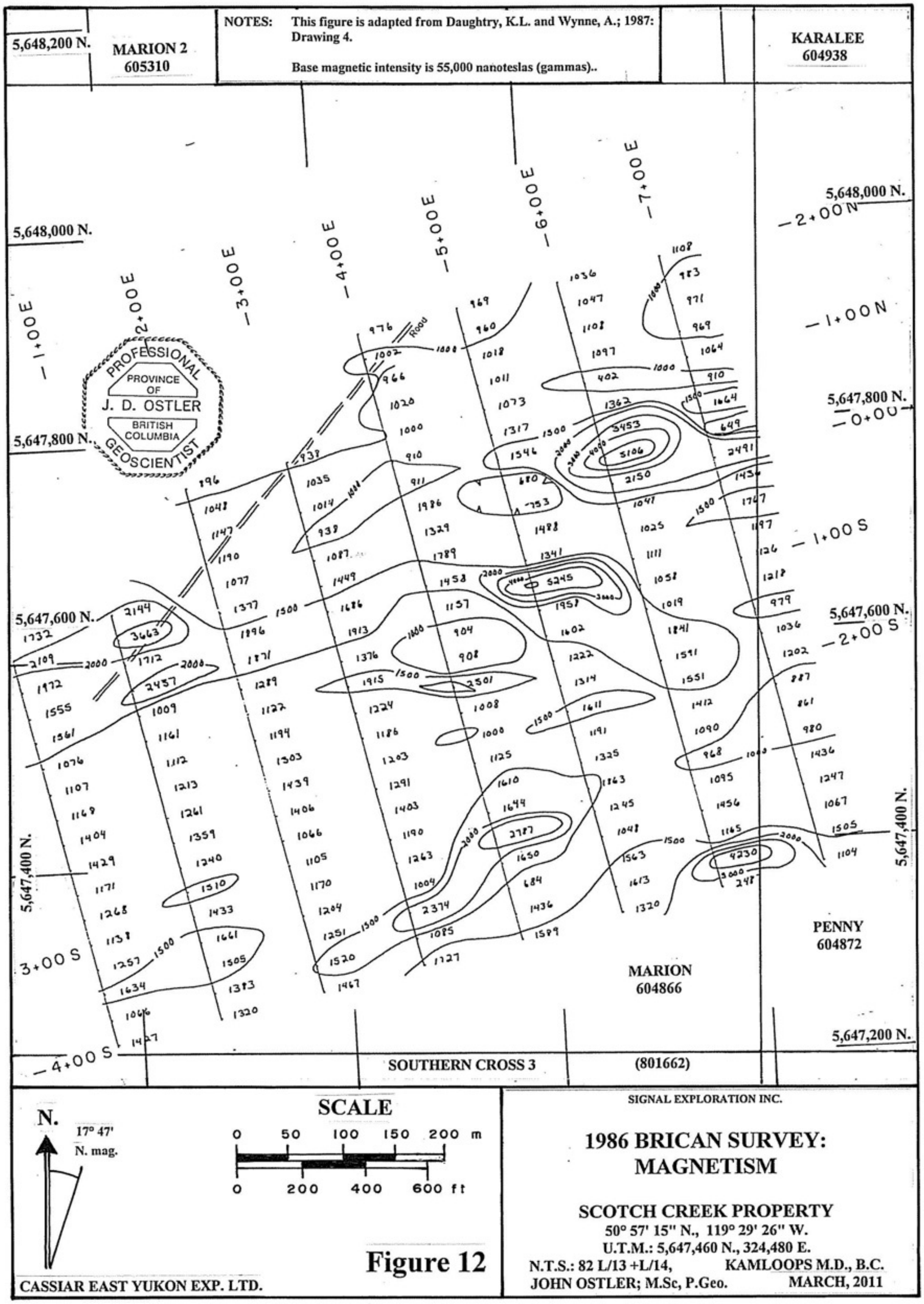

NOTES: This figure is adapted from Daughtry, K.L. and Wynne, A.; 1987: Drawing 4.
Base magnetic intensity is 55,000 nanoteslas (gammas)..
5,648,200 N.
MARION 2
605310
KARALEE
604938
5,648,000 N.
5,647,800 N.
5,647,600 N.
5,647,400 N.
5,647,200 N.
1+00 E
2+00 E
3+00 E
4+00 E
5+00 E
6+00 E
7+00 E
2+00 N
1+00 N
0+00
1+00 S
2+00 S
3+00 S
4+00 S
Road
PROFESSIONAL
PROVINCE OF
J. D. OSTLER
BRITISH COLUMBIA
GEOSCIENTIST
PENNY
604872
MARION
604866
SOUTHERN CROSS 3
(801662)
N.
17° 47'
N. mag.
SCALE
0 50 100 150 200 m
0 200 400 600 ft
CASSIAR EAST YUKON EXP. LTD.
SIGNAL EXPLORATION INC.
1986 BRICAN SURVEY: MAGNETISM
SCOTCH CREEK PROPERTY
50° 57' 15" N., 119° 29' 26" W.
U.T.M.: 5,647,460 N., 324,480 E.
N.T.S.: 82 L/13 +L/14, KAMLOOPS M.D., B.C.
JOHN OSTLER; M.Sc, P.Geo. MARCH, 2011

Figure 12

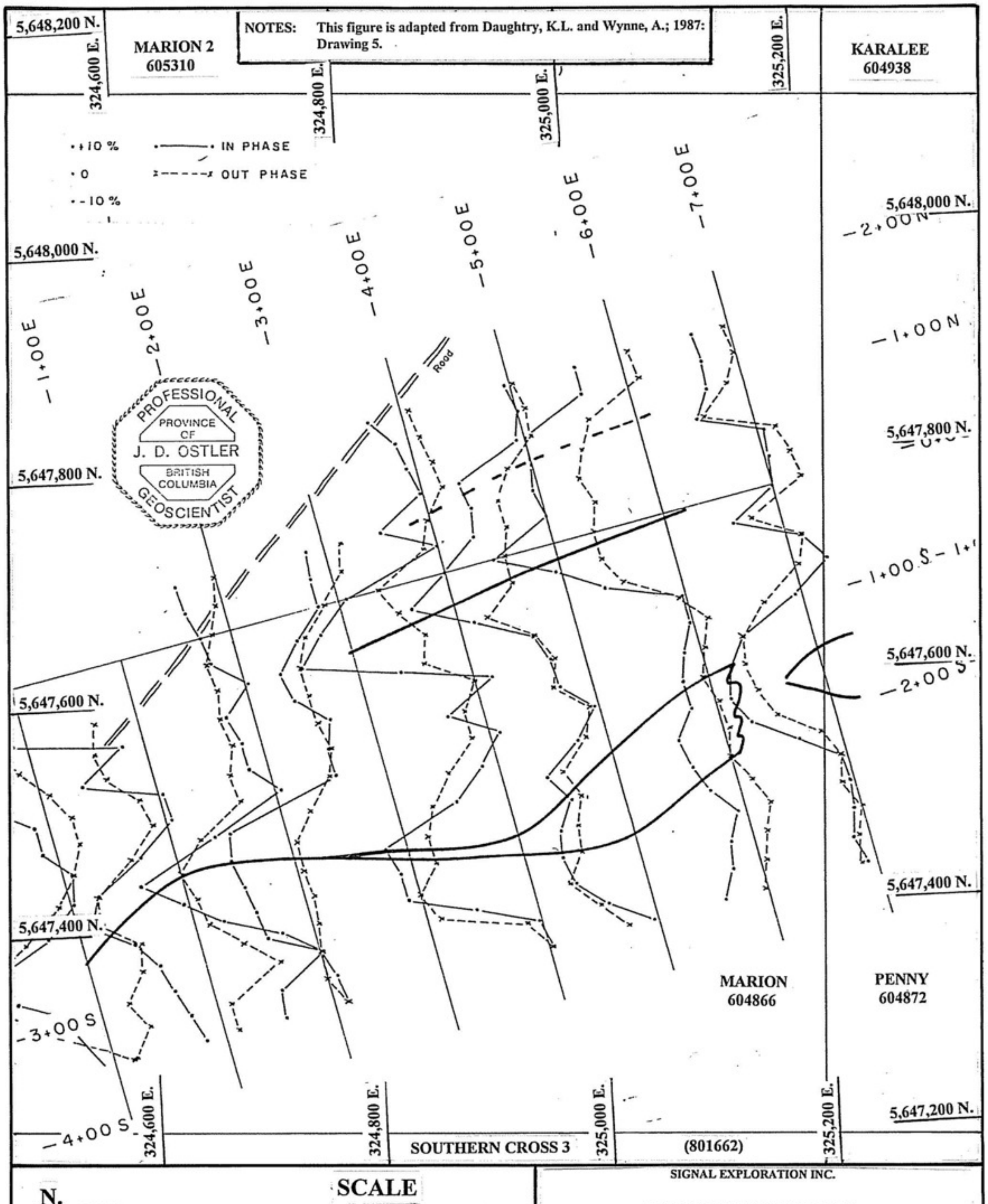


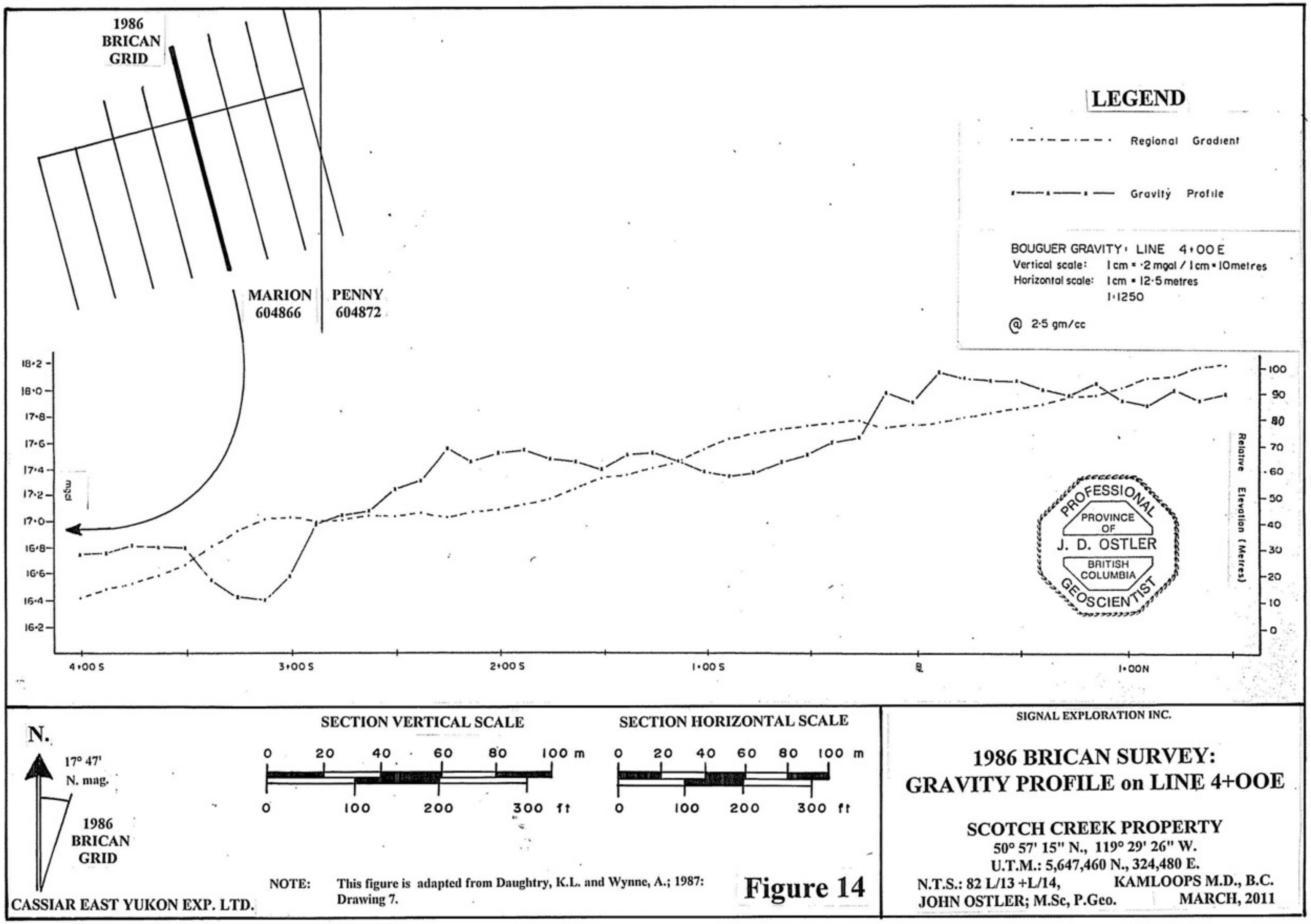
Figure 13

CASSIAR EAST YUKON EXP. LTD.

SIGNAL EXPLORATION INC.

1986 BRICAN SURVEY:
444 Hz HORIZONTAL LOOP
MAX MIN ELECTROMAGNETISM

SCOTCH CREEK PROPERTY
50° 57' 15" N., 119° 29' 26" W.
U.T.M.: 5,647,460 N., 324,480 E.
N.T.S.: 82 L/13 +L/14, KAMLOOPS M.D.. B.C.
JOHN OSTLER; M.Sc, P.Geo. MARCH, 2011


1986
BRICAN
GRID
MARION
604866
PENNY
604872
LEGEND
Regional Gradient
Gravity Profile
BOUGUER GRAVITY: LINE 4+OO E
Vertical scale: 1 cm = ·2 mgal / 1 cm = 10 metres
Horizontal scale: 1 cm = 12·5 metres
1:1250
@ 2·5 gm/cc
mgal
18·2
18·0
17·8
17·6
17·4
17·2
17·0
16·8
16·6
16·4
16·2
Relative Elevation (Metres)
100
90
80
70
60
50
40
30
20
10
0
4+00 S
3+00 S
2+00 S
1+00 S
1+00N
PROFESSIONAL
PROVINCE OF
J. D. OSTLER
BRITISH COLUMBIA
GEOSCIENTIST
N.
17° 47'
N. mag.
1986
BRICAN
GRID
CASSIAR EAST YUKON EXP. LTD.
SECTION VERTICAL SCALE
0 20 40 60 80 100 m
0 100 200 300 ft
SECTION HORIZONTAL SCALE
0 20 40 60 80 100 m
0 100 200 300 ft
NOTE: This figure is adapted from Daughtry, K.L. and Wynne, A.; 1987: Drawing 7.
Figure 14
SIGNAL EXPLORATION INC.
1986 BRICAN SURVEY:
GRAVITY PROFILE on LINE 4+OOE
SCOTCH CREEK PROPERTY
50° 57' 15" N., 119° 29' 26" W.
U.T.M.: 5,647,460 N., 324,480 E.
N.T.S.: 82 L/13 +L/14, KAMLOOPS M.D., B.C.
JOHN OSTLER; M.Sc, P.Geo. MARCH, 2011

1986 Brican Resources Ltd. cut a grid over the most intense part of the 1971 geophysical anomaly in the area surrounding the location of drill hole SC-3 in the eastern part of the current MARION (604866) claim (Figure 4S). That grid comprised 1.82 km (1.11 mi) of line in 7 lines oriented at 165°-345° and spaced 50 m (164 ft) apart. The grid covered 7.5 ha (18.5 A) of which 6.0 ha (14.8 A) was covered by a magnetic survey (Daughtry, 1986). Later that summer, the grid was expanded to comprise 4.2 km (2.56 mi) in 8 lines of the same orientation spaced 100 m (328 ft) apart (Daughtry and Wynne, 1987). The ground magnetic survey was re-done (Figure 12). Also a MAX-MIN horizontal-loop, electromagnetic survey was conducted over the whole expanded grid (Figure 13). A gravity survey conducted by MWH Geophysics Ltd. of Sydney, B.C. along line 4 + 00 E, resulted in the production of a single gravity profile (Figure 14).

1987 During June, 1987, the area west of the SCOTCH (371) claim that was covered by the SCOTCH 2 (1587) claim during the early 1980s was re-staked as the 18-unit SCOTCH 2 (7097) claim. The property was returned to its pre-1985 size of 825 ha (2,037.5 A).

1988 From January 23 to February 25, 1988, Brican Resources Ltd. conducted a program that resulted in the drilling of a total of 1,220.4 m (4,003.9 ft) of NQ core in 6 holes.

Drill holes 294-1 to 294-3 comprising a total of 411.8 of core was drilled into the 1986 Brican grid area in the eastern part of the current MARION (604866) claim (Figure 4S and 5C). Drill hole 294-1 tested the western extension of the area of the most intense anomalies in the 1986 grid-area (Kyba, 1988). Drill hole 294-2 tested the electromagnetic anomaly in the southeastern part of the grid-area which K.L. Daughtry and A. Wynne (1987) thought was due to a contact of metavolcanic and metasedimentary rocks. Their opinion was confirmed. Neither hole 294-1 nor hole 294-2 penetrated any significantly mineralized sections (Table 4). Drill hole 294-3 was located on the road along the ridge crest in the northeastern part of the 1986 Brican grid. It tested an northeastward strike extension of the mineralized rock intersected in hole SC-3 that was drilled in 1977. Hole 294-3 had four significantly mineralized intersections the best of which was crossed from 107.1 to 109.5 m (351.4 to 359.2 ft) and contained: 0.24% copper, 0.01% zinc, and traces of lead, gold and silver.

Drill hole 294-4 was located on the 671 road east of the 1971 main geophysical anomaly to test an electromagnetic anomaly near the eastern boundary of the 1986 grid. It penetrated 107.5 m (352.7 ft) of unmineralized, fine-grained meta-tuff and metasedimentary rocks. Drill holes 294-5 and 294-6 were located on co-incident soil-geochemical and geophysical anomalies that had been identified by 1971 to 1979 surveys between the main and eastern branches of Corning Creek. Hole 294-5 was drilled on the current MARION (604866) claim near its western boundary (Figures 4S and 5W). Hole 294-6 was drilled at a location about 98 m (321.5 ft) west of the current Scotch Creek property. Hole 294-5 cut one significant intersection from 73.4 to 76.8 m (240.8 to 252.0 ft) that contained 0.02% copper and 0.11% zinc. Hole 294-6 cut five significantly mineralized intervals. The one with the highest base-metal concentration was from 139.6 to 140.9 m (458.0 to 462.3 ft) which contained 2.42% copper, a trace of lead, 0.08% zinc, 0.17 gm/mt (0.005 oz/ton) gold, and 0.02 gm/mt (0.001 oz/ton) silver. B.W. Kyba (1988) came to the following conclusions and made recommendations regarding the 1988 Brican drill program:

<u>CONCLUSIONS</u>

> ... The six drill holes did not fully test the entire strike length of the coincident geophysical and geochemical anomalies (presumably the 1971 main anomaly). They did encounter weakly developed massive sulphide type mineralization in the metavolcanic sequence that conformably overlies a thinly interbedded sequence of graphitic metasediments. The only anomalous gold values were contained in a quartz chalcopyrite vein in a large fault zone seen in hole 294-6 (from 139.6 to 140.9 m or from 458.0 to 462.3 ft) (Figures 4S and 5C) (Table 4).
>
> The magnetic anomaly may have been caused by disseminated and stringers of pyrrhotite in the metavolcanics (up to 2% over large intervals).
>
> The EM anomaly appears to have been caused by the large amount of graphite in the metasediments.

The large lead soil anomaly (threshold of 40 ppm) appears to have been caused by the elevated background in the metasediments (35 ppm).

RECOMMENDATIONS

A large portion of the strike length of the coincident geophysical and geochemical anomalies (the 1971 main geophysical anomaly) (Figure 6) remains untested. The six drill holes of this program confirmed the presence of a favourable geological setting for a massive sulphide type deposit within this large anomalous zone. Further testing of this zone is recommended.

Kyba, B.W.; 1988: p. 11.

The large lead anomaly to which B.W. Kyba (1988) referred is located on and west of the current MARION (604866) and GLORIA (604873) claims (Figure 8).

1989 to 2009

No exploration activity in the current Scotch Creek property-area from this time is known to the author. Assessment credit generated from the 1988 drilling program would have run out by 1998. Probably, the two claims of Brican's SCOTCH property lapsed that year.

2009 Joseph T. Lawrence and his son Bruce M. Squinas map-staked the MARION (604866), PENNY (604872), GLORIA (604873), KARALEE (604938), and MARION 2 (605310) claims from May 22 to June 2, 2009. Those claims formed the core of the current Scotch Creek property. That summer, the claims were presented to the author for initial examination. Upon review, the author determined that geological input into previous exploration had been minimal. Previous operators had lacked sufficient understanding of the stratigraphy and rock structure that determined the location and orientation of mineralization. Consequently, previous exploration results were sporadic. The author concluded that the property hosted significant untested merit; he presented it to several clients. Response was minimal until the 2009 international financial crisis passed.

2010 On February 23, 2010 Barry Hartley secured an option from Joseph Lawrence and Bruce Squinas to acquire 100% ownership of the Scotch Creek property for a total of $12,000 ($6,000 for each optionor) and for providing $342 to pay current assessment filing fees. Hartley exercised the option and the MARION (604866), PENNY (604872), GLORIA (604873), KARALEE (604938), and MARION 2 (605310) claims were transferred to him on July 20, 2010.

Bruce Squinas, Joseph Lawrence and two associates conducted a prospecting program in the propertyarea comprising 20 man-days of work from April 17 to 22, 2010. The results of that program were described as follow:

One occurrence of pegmatitic scarn mineralization comprising coarse-grained pyrite, pyrrhotite, sphalerite, chalcopyrite, and galena was found in the northeastern part of the property area. Four occurrences of disseminated pyrite, pyrrhotite, chalcopyrite, sphalerite and galena mineralization were found in the property's southern and eastern parts. All of the disseminated sulphide mineralization was hosted by chloritic schist.

Squinas, B.M. with Ostler, John; 2010: p. 20.

The author made two brief trips to examine and map some of the geology on the Scotch Creek property on May 31 to June 3, and on June 11 to 15, 2010. At that time it was discovered that massive and disseminated mineralization was hosted in a single zone produced by a trachytic eruption with a vent area located east-northeast of the property-area. Since the client, Barry Hartley, was out of communication, the author map-staked the SOUTHERN CROSS 1 (794642) and SOUTHERN CROSS 2 (794662) claims on June 18, 2010 to cover un-staked ground east of the property. Those claims were transferred to B. Hartley at cost, on June 24, 2010. Barry Hartley map-staked the SOUTHERN CROSS 3 (801662) claim on June 28, 2010 to cover the ground down-hill of, and adjacent to the southern boundaries of the MARION (604866), and GLORIA (604873) claims, in order to protect a possible portal location for a trackless decline into mineralization hosted on those claims. The main part of the current 2010 exploration program was conducted by the author from August 30 to October 2, 2010. All of the author's 2010 exploration on the Scotch Creek property is the subject of this report.

2011 On May 27, 2011, the claims comprising the Scotch Creek Property were transferred from Barry Hartley to Signal Exploration Inc.

The author examined various parts of the 2010 exploration area on the Scotch Creek Property at several locations during his work a near-by property from June 3 to 17 and June 24 to July 9, 2011, and that such attendance on the Property during June and July, 2011 represents a Current Personal Inspection of the Scotch Creek Property in compliance with part 6.2 of NI43-101.

Historical Mineral Resource and Reserve Estimates, and Production from the Scotch Creek Property-area

No historical estimates of mineral resources or reserves related to the Scotch Creek property, or historical production from the Scotch Creek property-area are known to the author.

GEOLOGICAL SETTING

Regional Geology

The area northwest of Shuswap Lake was mapped and interpreted by A.V. Okulitch (1979) of the Geological Survey of Canada, from 1972 to 1974 (Figure 15).

An account of the history of orogenic events in the area now covered by south-central British Columbia was recorded by A.V. Okulitch (1979) as follows:

> Intrusive rocks ... and meagre but widespread stratigraphic and structural evidence suggest that two orogenic events affected the Eastern Cordillera during Palaeozoic time. The first of these ... (that may have) occurred in the Late Ordovician, is the Cariboo Orogeny. At its type locality in the Cariboo Mountains a major break occurs between the Upper Cambrian and Upper Middle Ordovician strata ... Metamorphism of the Lardeau Group at 479 +/- 17 Ma ..., a widespread mid-Ordovician unconformity in the Rocky Mountain Thrust Belt ... and effusion of volcanic rocks in the Lardeau Group and Eagle Bay Formation suggest considerable orogenic activity along the continental margin ... earliest structures in units of the Lardeau assemblage are interpreted to have formed during the Ordovician Cariboo Orogeny. Early structures in the Shuswap Complex may have also formed at this time.
>
> The second Palaeozoic event is represented by a profound unconformity below middle Devonian strata in the Rocky Mountain thrust belt ..., a stratigraphic break in the Cariboo Mountains between Silurian and late Devonian units ... and an unconformity between the Milford and Lardeau groups in the Kootenay Arc ... and possibly west of Adams Lake. Formation of this unconformity coincided with Late Devonian plutonism and uplift. Greatest uplift, where the Devonian-Mississippian unconformity cuts below the mid-Ordovician one, corresponds generally with known exposures of Devonian plutons.
>
> Permo-Triassic orogenic events (Sonoman) comprise deformation, low grade metamorphism, plutonism, uplift and erosion that effected rocks as young as Permian and preceded deposition of strata as old as Late Triassic in and south of the project-area and as old as Middle Triassic to the southeast near Grand Forks ...
>
> The Columbian Orogeny, occurring during Early Jurassic to mid-Cretaceous time, was the major event affecting rocks in the project-area. Most of the polyphase (early (second phase), and late) folding, regional metamorphism and faulting took place at this time. Extensive plutonism accompanied and followed deformation ...
>
> Within the project-area, radiometric data ... suggest that ... waning regional metamorphism and deformation took place at least 130 to 155 Ma (Early Cretaceous to Middle Jurassic). Early Jurassic rocks ... were affected by most deformational phases of the orogeny; Early Cretaceous plutons are post-tectonic.

CASSIAR EAST YUKON EXP. LTD.

Figure 15

SIGNAL EXPLORATION INC.

REGIONAL GEOLOGY
from G.S.C. OPEN FILE 637

SCOTCH CREEK PROPERTY
50° 57' 15" N., 119° 29' 26" W.
U.T.M.: 5,647,460 N., 324,480 E.

N.T.S.: 82 L/13 + L/14, KAMLOOPS M.D., B.C.
JOHN OSTLER; M.Sc., P.Geo. MARCH, 2011

Figure 15A
Legend to Figure 15

PHANEROZOIC
CENOZOIC
Tertiary or Quaternary
Pliocene or Pleistocene

TQs Conglomerate (near Vernon): basaltic arenite, breccia, rubble, conglomerate (along North Thompson and Clearwater Rivers).

Tertiary
Miocene and/or Pliocene (may include Pleistocene)

mTv Plateau lava: olivine basalt, andeside, related ash and breccia: basaltic arenite: minor basal sediments: (may include younger valley basalts).

Eocene and (?) Oligocene
Kamloops Group (Princeton Group in southwest corner: Skull Hill Formation along North Thompson River).

eTkv Andesite, basalt, dacite, trachyte flows and dykes, breccia, tuff, agglomerate.

Kamloops Group (Chu Chua Formation along North Thompson River: Tranquille Beds near westernmost South Thompson River: includes unit Tcg on Map A).

eTks Sandstone, conglomerate, shale: minor coal, tuff arkose.

UNCONFORMITY

Paleocene or Eocene

pTy Syenite, granite: minor monzonite, shonkinite.

MESOZOIC
Cretaceous

Kg Granite, granodiorite: lesser quartz monzonite and quartz diorite.

Baldy Batholith and satellitic stocks.

Kqm Quartz monzonite, granodiorite: minor pegmatite.

Early Cretaceous
Salmon Arm, Deep Creek, Nisconlith and Scotch Creek Plutons.

eKgd Granodiorite, granite, quartz monzonite: minor diorite, gabbro, quartz, diorite.

Raft Batholith

eKqm Quartz monzonite, granodiorite: minor pegmatite and diorite.

Jurassic or Cretaceous

Syenite and felsite dykes.

Jurassic

Jgn Massive and foliated, syntectonic pegmatite, aplite, leucocratic granite and quartz monzonite bordering and within Shuswap Metamorphic Complex and Okanagan Plutonic and Metamorphic Complex: Silver Star Intrusions: (may include orthogneiss of Palaeozoic and Proterozoic ages).

Late Jurassic
Valhalla Plutonic Rocks

lJgd Granodiorite, granite: minor gabbro, diorite, quartz diorite.

Early Jurassic
Long Ridge Pluton

eJg Foliated, lineated granite (may include Palaeozoic plutonic rocks).

Nelson Plutonic Rocks: Thuya Batholith and satellitic stocks.

eJgd Quartz diorite, granodiorite: minor diorite, granite, amphibolite, gabbro and ultramafic rocks.

eJdi Diorite: minor quartz diorite and gabbro.

eJy Syenite and monzonite.

INTRUSIVE CONTACT

Triassic and Jurassic
Upper Triassic and Lower Jurassic
Nicola Group (possibly includes Slocan Group near southeast edge of area).

TrJNv Andesite and basalt flow rocks, porphyritic augite andesite, breccia, tuff, agglomerate, greenstone, chloritic phyllite: minor argillite, limestone, sericitic schist.

Upper Triassic
Karnian and Norian
Nicola Group

uTrNs Black shale, argillite, conglomerate, limestone, siltstone: minor tuff and phyllite.

uTrNc Limestone

Slocan Group
Sicamous Formation

uTrSc Sericitic, graphitic and argillaceous limestone: calcareous phyllite, argillite.

uTrSp Shale, argillite, massive siltstone, phyllite, tuff and calcareous pelite: minor conglomerate, limestone, greenstone, chloritic phyllite and andalucite -, staurolite - and kyanite - bearing schist.

uTrScg Conglomerate.

PALAEOZOIC and MESOZOIC
Okanagan Plutonic and Metamorphic Complex (may include metamorphic equivalents of unit CPIa and/or older rocks, and Triassic gneissic granite).

PMn Hornblende and biotite gneiss, paragneiss: minor schist, marble, quartzite and amphibolite.

PMnm Dioritic gneiss, amphibolite.

Psc Marble.

Psb Quartz mica schist.

PALAEOZOIC
Permian and (?) Pennsylvanian
Kaslo Group

Pkvb Massive and foliated greenstone, chloritic phyllite, amphibolite: minor ultramafic rocks.

Pkub Serpentinized ultramafic rocks.

Slide Mountain Group
Fennell Formation

Pf Pillow lava flows, massive and foliated greenstone, greenschist, argillaceous chert: minor amphibolite, limestone, breccia.

Pft Chert

Pfp Argillite, siltstone

Pfcg Conglomerate

Pfub Serpentinized ultramafic rocks.

Tsalkom Formation

Pt Greenstone, chlorite phyllite, amphibolite: minor black shale, limestone, marble.

Ptub Serpentinized ultramafic rocks.

Ptc Massive, white limestone.

Ptcg Foliated and stretched quartz pebble conglomerate.

Ptm Amphibolitic gneiss.

Ptsc Grey, diopsidic marble.

Figure 15A
Legend to Figure 15 Continued

CARBONIFEROUS AND PERMIAN (MAY INCLUDE TRIASSIC)
CHESTERIAN - MORROWAN AND WOLFCAMPIAN-GUADALUPIAN (MAY INCLUDE KARNIAN - NORIAN).
THOMPSON ASSEMBLAGE (MAY INCLUDE UNIT uTns).

CPTA — UNDIVIDED.
CPTAS — SILICEOUS ARGILLITE. VOLCANICLASTIC SANDSTONE. QUARTZITE. SILTSTONE: MINOR LIMESTONE. SHEARED CONGLOMERATE. BRECCIA AND GREENSTONE.
CPTAV — GREENSTONE. TUFF.
CPTAC — MASSIVE. CRYSTALLINE WHITE AND GREY LIMESTONE: MINOR CHERT PEBBLE CONGLOMERATE. ARGILLACEOUS LIMESTONE AND CHERT.
CPTAcg — CONGLOMERATE WITH LIMESTONE MATRIX.

CARBONIFEROUS
MILFORD GROUP

CMss — SILTSTONE. SANDSTONE. SHALE: MINOR QUARTZ GRANULE CONGLOMERATE.
CMsp — BLACK SHALE. ARGILLITE: MINOR SANDSTONE.
CMvd — GREENSTONE. CHLORITIC PHYLLITE.

MISSISSIPPIAN
OSAGEAN - MERAMECIAN
MILFORD GROUP

MMc — FINE GRAINED GREY LIMESTONE: MINOR DOLOMITE AND SHALE.
MMcg — GRANULE TO BOULDER CONGLOMERATE. SOME WITH LIMESTONE AND GREENSTONE CLASTS.

MISSISSIPPIAN (?) OR OLDER
OLD DAVE INTRUSIONS (INCLUDES ULTRAMAFIC ROCKS ASSOCIATED WITH UNITS ℇOEBv AND TrJnv).

Pub — SERPENTINITE AND SERPENTINIZED ULTRAMAFIC ROCKS: MINOR PYROXENITE AND PERIDOTITE.

CHAPPERON GROUP

Pcv — CHLORITIC PHYLLITE. GREENSTONE. MICACEOUS SCHIST: MINOR LIMESTONE AND ULTRAMAFIC ROCKS.

DEVONIAN
LATE DEVONIAN
MOUNT FOWLER BATHOLITH. SOUTH FOSTHALL PLUTON:

lDgn — FOLIATED AND LINEATED LEUCOCRATIC GRANITE. GRANITIC FELDSPAR PORPHYRY. QUARTZ MONZONITE. GRANODIORITE. MINOR PEGMATITE AND QUARTZ DIORITE.

ORDOVICIAN
LATE ORDOVICIAN
LITTLE SHUSWAP GNEISS

lOgn — LEUCORATIC GRANITE GNEISS. QUARTZ MONZONITE GNEISS.GRANODIORITE GNEISS: MINOR DIORITE GNEISS.

CAMBRIAN AND ORDOVICIAN
EAGLE BAY FORMATION

ℇOEBG — FOLIATED ACID VOLCANIC ROCKS. CHERT. SILICEOUS PHYLLITE: SHEARED AND ALTERED QUARTZ FELDSPAR PORPHYRY AND/OR QUARTZ GRANULE CONGLOMERATE: GNEISSIC ACID IGNEOUS ROCKS NEAR SHUSWAP LAKE.
ℇOEBv — GREENSTONE. CHLORITIC PHYLLITE: MINOR AGGLOMERATE. SERICITIC PHYLLITE. QUARTZITE. LIMESTONE AND TUFF.
ℇOEBq — SERICITIC. SILICEOUS PHYLLITE. SERICITIC QUARTZITE. QUARTZ BIOTITE SCHIST. QUARTZ BIOTITE GARNET SCHIST: MINOR TUFF AND LAYERS OF UNITS ℇOEBv, ℇOEBc.
ℇOEBp — BLACK ARGILLITE. ARGILLACEOUS PHYLLITE. SHALE: MINOR LIMESTONE.
ℇOEBc — MASSIVE WHITE CRYSTALLINE LIMESTONE. DARK GREY FOLIATED LIMESTONE: MINOR LIMESTONE WITH CHERT NODULES.
ℇOEBcg — CONGLOMERATE. SOME WITH BLACK QUARTZ CLASTS: MINOR BRECCIA AND AGGLOMERATE.

TSHINAKIN LIMESTONE MEMBER

ℇOEBt — MASSIVE WHITE CRYSTALLINE LIMESTONE: MINOR GREENSTONE AND GREENSCHIST.

SILVER CREEK FORMATION

ℇOscq — QUARTZ BIOTITE. SERICITE AND GARNET SCHIST: MINOR QUARTZO-FELDSPATHIC BIOTITE GNEISS. PEGMATITE. AMPHIBOLITE. MARBLE.

CHASE QUARTZITE MEMBER

ℇOscc — QUARTZITE. SILICEOUS MARBLE. CRYSTALLINE LIMESTONE: MINOR PELITIC SCHIST.

PROTEROZOIC AND PALAEOZOIC (MAY INCLUDE ARCHAEAN)
SHUSWAP METAMORPHIC COMPLEX

PPns — UNDIVIDED: GRANITOID GNEISS. PARAGNEISS. SCHIST: MINOR QUARTZITE. MARBLE. AMPHIBOLITE.
PPsb — QUARTZ MICA SCHIST. COMMONLY GARNET-AND SILLIMANITE-BEARING.
PPsq — QUARTZITE: MINOR PELITIC SCHIST.
PPsc — MARBLE. DIOPSIDIC MARBLE:MINOR CALCIUM SILICATE GNEISS AND AMPHIBOLITE.
PPm — AMPHIBOLITE. AMPHIBOLITIC GNEISS. MINOR HORNBLENDE BIOTITE SCHIST.
PPsqc — SILICEOUS MARBLE. CALCAREOUS QUARTZITE. CALCIUM SILICATE GNEISS: MINOR PELITIC SCHIST.
PPgdn — GRANODIORITE. DIORITE AND TONALITE GNEISS:AUGEN GNEISS.

GEOLOGICAL BOUNDARIES (APPROXIMATE. ASSUMED).

FAULTS

MYLONITE ZONES (TEETH ON HANGING WALL).
THRUST FAULTS (APPROXIMATE. ASSUMED: TEETH ON HANGING WALL).
HIGH ANGLE FAULTS (APPROXIMATE. ASSUMED).

PLANAR STRUCTURES

BEDDING (TOPS KNOWN: INCLINED. OVERTURNED).
BEDDING (TOPS UNKNOWN: HORIZONTAL. INCLINED. VERTICAL).
FOLIATION. SCHISTOSITY: GNEISSIC LAYERING OR CLEAVAGE (HORIZONTAL. INCLINED. VERTICAL): EARLIEST OR ONLY OBSERVED.
AXIAL PLANES (INCLINED. VERTICAL) OF MESOSCOPIC FOLDS OBSERVED TO HAVE DEFORMED BEDDING: EARLIEST OR ONLY OBSERVED.
AXIAL PLANES (INCLINED. VERTICAL) OF LATER MESOSCOPIC FOLDS OBSERVED TO HAVE DEFORMED BEDDING. FOLIATION OR PRE-EXISTING STRUCTURES.
AXIAL PLANES (INCLINED. VERTICAL) OF LATEST MESOSCOPIC FOLDS OBSERVED TO HAVE DEFORMED BEDDING AND TWO PHASES OF PRE-EXISTING STRUCTURES.

LINEAR STRUCTURES

LINEATIONS (PLUNGING. HORIZONTAL) FORMED BY FOLD AXES (F). BEDDING/FOLIATION INTERSECTION (X). MINERAL ALIGNMENT OR RODDING (R) AND BOUDINAGE AXES (A):(UNDETERMINED LINEATIONS NOT LABELLED): EARLIEST OR ONLY OBSERVED.
LINEATIONS (PLUNGING. HORIZONTAL) OBSERVED TO BE ASSOCIATED WITH LATE FOLDS OR SUPERIMPOSED UPON PRE-EXISTING STRUCTURES.
LINEATIONS (PLUNGING. HORIZONTAL) OBSERVED TO BE ASSOCIATED WITH LATEST FOLDS OR SUPERIMPOSED UPON TWO PHASES OF PRE-EXISTING STRUCTURES.

FOLDS

EARLY AXIAL TRACE (ANTIFORM: UPRIGHT. OVERTURNED OR RECUMBENT).
EARLY AXIAL TRACE (SYNFORM: UPRIGHT. OVERTURNED OR RECUMBENT).
LATE AXIAL TRACE (ANTIFORM. SYNFORM).

> Uplift and erosion followed the Columbian Orogeny... Movement along northerly trending faults and latest warping preceded or accompanied extrusion of (early Tertiary plateau basalts). Numerous feeder dykes followed fracture and fault planes. Such tensional features may be induced by post-orogenic erosion, uplift and cooling of the crust ...
>
> Post Eocene uplift and faulting took place predominantly in the Shuswap Complex and resulted in erosion of (early Tertiary Kamloops Group volcanics) and further exposure of the metamorphic terrane.
>
> Okulitch, A.V.; 1979: G.S.C., Open File 637,
> Notes to Map B: Stratigraphy and Structure.

Trygve Hoy (1998) of the British Columbia Geological Survey wrote a summary paper regarding the stratigraphy of Adams Plateau northwest of the Scotch Creek area. Many of his conclusions can be applied to the property-area. The oldest Eagle Bay-Formation rocks on Adams Plateau are a series of Grenvillian to Cambrian-age mafic volcanic rocks that Hoy (1998) correlated to the Index Formation of the Lardeau Group in the Kootenay Arc. Overlying the mafic volcanic succession, is one of gritty sedimentary rocks that Hoy (1998) correlated with the Ordovician to Silurian-age Jowett Formation of the Lardeau Group. The uppermost stratigraphic succession that Trygve Hoy (1998) identified, was one of intermediate to felsic volcanic strata intercalated with variable carbonaceous and carbonate-bearing pelitic meta-sedimentary. He equated those rocks to the Devonian to Mississippian-age Milford Group which is a record of the final miogeosynclynal filling of the Cordilleran Geosyncline. The intermediate to felsic meta volcanic rocks of this succession were considered by some other stratigraphers to have been the uppermost rock units of the Eagle Bay Formation; the pelitic metasedimentary rocks were previously assigned to the Sicamous Formation.

Equivalents of Hoy's (1998) felsic volcanic rocks and metasedimentary rocks are exposed on the current Scotch Creek property. There, the two rock units are coeval and represent facies of one depositional event. A table of geological events and lithological units around the northwestern end of Shuswap Lake is as follows:

Table 6
Table of Geologic Events and Lithologic Units in the Scotch Creek Property-area

Time	Formation or Event
Recent 0.01-0 m.y.	**Valley rejuvenation**: Down cutting of stream gullies through till, development of soil profiles.
Pleistocene 1.6-0.01 my.	**Glacial erosion and deposition:** Removal of Tertiary-age regolith, deposition of till and related sediments at lower elevations, smoothing of the Tertiary-age land surface.
Eocene to Pliocene 57.1-1.6 m.y.	**Erosion, and unroofing of the rocks, incision of the land surface:** **MINERALIZATION:** **Release of free gold from sulphides during deep weathering and its deposition in small placers in Scotch Creek.**
Eocene 56.5-35.4 my.	**Tensional faulting:** Deposition of the Kamloops Group flood basalt on the erosional surface
Late Cretaceous to Eocene 97-57.1 m.y.	**Disruption of stratigraphy by northerly trending transcurrent faults, onset of regional erosion.** **Transcurrent and normal faulting of Upper Eagle Bay and Sicamous Formation rocks** **MINERALIZATION:** **Development of the pegmatite showing on the SOUTHERN CROSS 2 (794662) claim**
Early to Middle Cretaceous 146-97 m.y.	**Thrust and transcurrent faulting, and deformation of the Cache Creek terrane:** **Thrust faulting of Upper Eagle Bay and Sicamous Formation rocks**
Early Jurassic to Middle Cretaceous 200-130 m.y.	**Columbian Orogeny:** **Deformation of Cache Creek rocks in a northeastward dipping subduction zone, accretion of Nicola Group rocks to North America:** progressive deformation and regional metamorphism, overriding of Cache Creek and Quesnel terrain rocks onto Kootenay Arc strata, intense deformation, uplift, regional metamorphism culminating in extensive plutonism in Kootenay Arc rocks. The orogeny progressed from east to west. **First and second phase of folding in Upper Eagle Bay and Sicamous Formation rocks**
Late Triassic (Rhaetian) 209.6-200 m.y.	**Deposition of the Nicola Group, and associated alkalic intrusions:** mafic volcanics, associated sediments, and coeval dioritic sub-volcanic intrusions cut by monzonitic to dioritic stocks in an island arc environment.
Late Permian to Early Triassic 256-241 m.y.	**Mild orogenic event in southern British Columbia:** Deformation, low-grade metamorphism, plutonism, uplift and erosion.
Late Devonian to Triassic 355-251 m.y.	**Deposition of the Kaslo and Milford Group clastic sediments in the Cordilleran Miogeosyncline.** These rocks were deposited on an erosional surface resulting in a major unconformity between them and the underlying eugeosynclinal rocks.
Late Devonian to Mississippian 355 to 314 m.y.	**Deposition of Upper Eagle Bay Formation felsic volcanic rocks and Sicamous Formation pelitic and carbonate sedimentary rocks** deposited on an erosional on Middle Eagle Bay stratigraphy. **MINERALIZATION:** **Deposition of disseminated and massive sulphide mineralization across the current Scotch Creek property-area during a trachytic eruption**
Late Devonian 383-355 my.	**Regional Uplift and Plutonism:** An erosional surface developed on the Middle Eagle Bay, Slocan and Lardeau group rocks.
Early to Middle Ordovician 490-460 m.y	**Cariboo Orogeny:** Early deformation and regional metamorphism of the Lower to Middle Eagle Bay Formation, Slocan and Lardeau groups.
Cambrian to Devonian 544-355 m.y.	**Deposition of the Lower to Middle Eagle Bay Formation mafic volcanic and meta-sedimentary rocks**, and the Lardeau and Slocan group volcanics and sediments in the Cordilleran Eugeosyncline.
	m.y. = million years ago

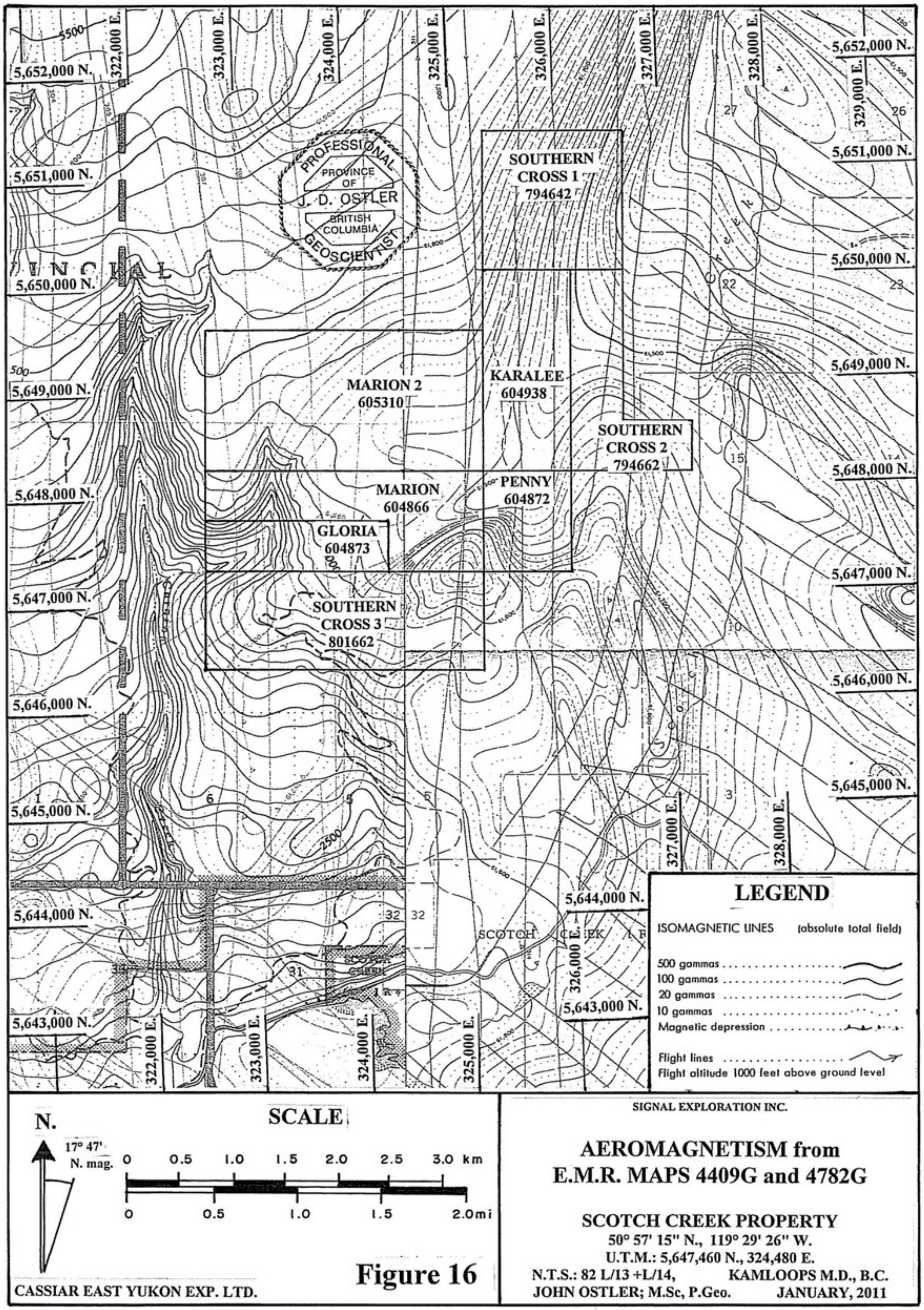
NOTE: Data for this table was compiled by the author from various sources including Okulitch (1979), Hoy (1998), and Douglas ed. (1970).

Regional Geophysics

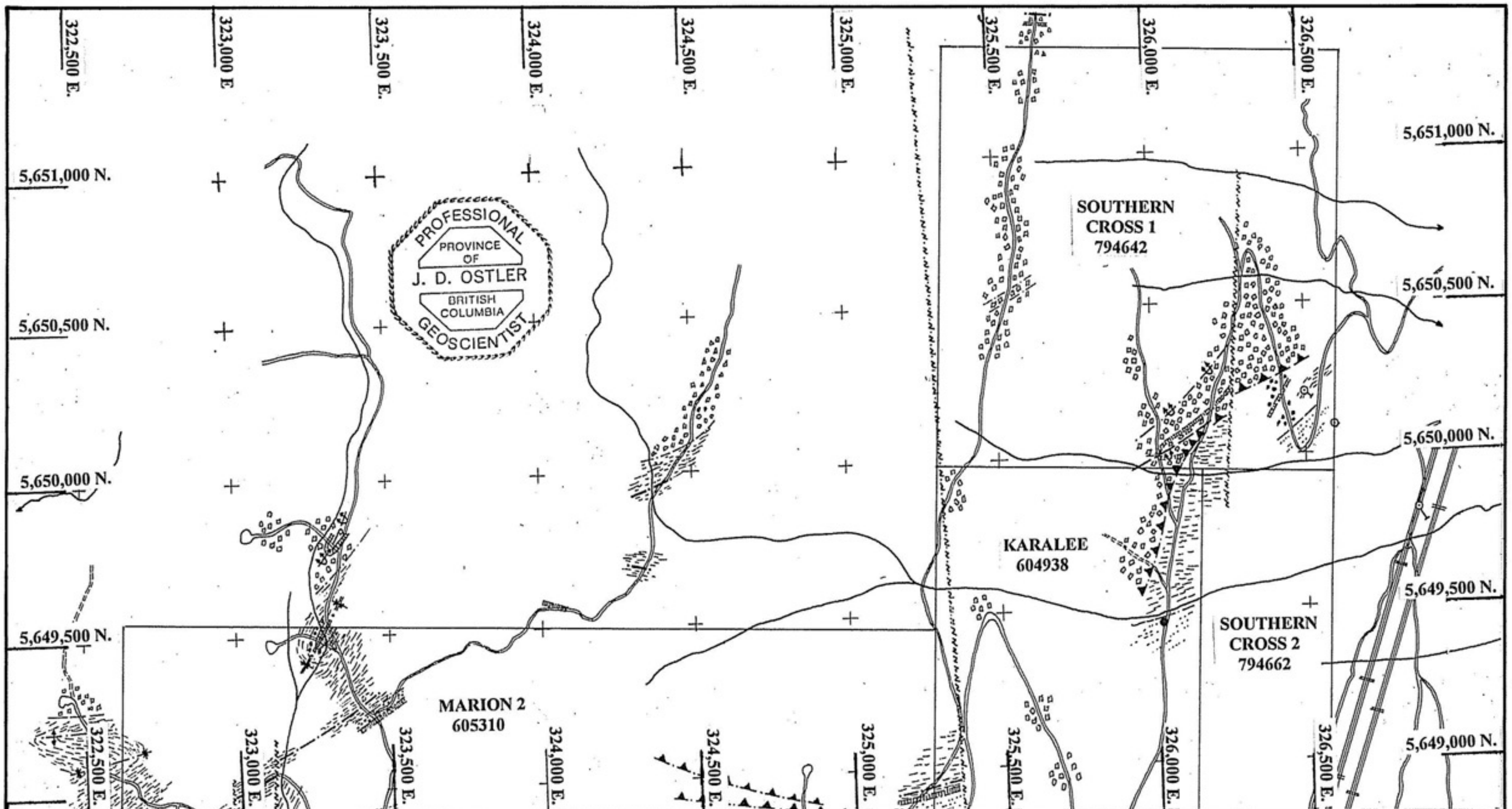
From June to August, 1965, the federal Department of Mines and Technical Surveys conducted a fixed-wing airborne aeromagnetic survey over the central part of the Shuswap Lake area. Energy, Mines, and Resources Map 4782G covering N.T.S. map-area 82 L/14 was one of the aeromagnetic maps produced. During June of the same year, another fixed-wing aeromagnetic survey was conducted adjacent with and to the west of the Shuswap Lake-area survey. One of the maps produced from that survey was Energy, Mines, and Resources Map 4409G covering N.T.S. map-area 82 L/13 (East half). The current Scotch Creek property-area straddles the boundary of those two maps. Both maps were re-scaled to 1:50,000 to produce parts of Figure 16.

The plateau area covering the northwestern part of the property-area is magnetically flat with intensities ranging from about 61,800 to 62,000 nanoteslas (gammas). The northeastern part of the property area covers the western slope of the Scotch Creek valley. That slope corresponds with a decrease in magnetic intensity that culminates in a magnetic “low” of about 61,200 nanoteslas (gammas) near the creek about 1.8 km (1.1 mi) northwest of the SOUTHERN CROSS 1 (794642) claim.

The most important regional magnetic feature in the property-area is an intense magnetic “high” that is centred on the 1986 Brican grid-area at the boundary between the eastern parts of the MARION (604866) and SOUTHERN CROSS 3 (801662) claims. Previous exploration results indicate that massive sulphide mineralization may be responsible for this regional magnetic feature.



SOUTHERN CROSS 1
794642
MARION 2
605310
KARALEE
604938
SOUTHERN CROSS 2
794662
MARION
604866
PENNY
604872
GLORIA
604873
SOUTHERN CROSS 3
801662
PROFESSIONAL
PROVINCE OF
J. D. OSTLER
BRITISH COLUMBIA
GEOSCIENTIST
5,652,000 N.
5,651,000 N.
5,650,000 N.
5,649,000 N.
5,648,000 N.
5,647,000 N.
5,646,000 N.
5,645,000 N.
5,644,000 N.
5,643,000 N.
322,000 E.
323,000 E.
324,000 E.
325,000 E.
326,000 E.
327,000 E.
328,000 E.
329,000 E.
SCOTCH CREEK
LEGEND
ISOMAGNETIC LINES (absolute total field)
500 gammas
100 gammas
20 gammas
10 gammas
Magnetic depression
Flight lines
Flight altitude 1000 feet above ground level
N.
17° 47' N. mag.
SCALE
0 0.5 1.0 1.5 2.0 2.5 3.0 km
0 0.5 1.0 1.5 2.0mi
CASSIAR EAST YUKON EXP. LTD.
Figure 16
SIGNAL EXPLORATION INC.
AEROMAGNETISM from
E.M.R. MAPS 4409G and 4782G
SCOTCH CREEK PROPERTY
50° 57' 15" N., 119° 29' 26" W.
U.T.M.: 5,647,460 N., 324,480 E.
N.T.S.: 82 L/13 +L/14, KAMLOOPS M.D., B.C.
JOHN OSTLER; M.Sc, P.Geo. JANUARY, 2011



NOTES: This figure is adapted from Ostler, John; 2011: Figure 15E and 15NW.

For legend, see Figure 17A.

N.
17° 47' N. mag.

SCALE
0 200 400 600 800 1000 m
0 1000 2000 3000 ft

Figure 17N

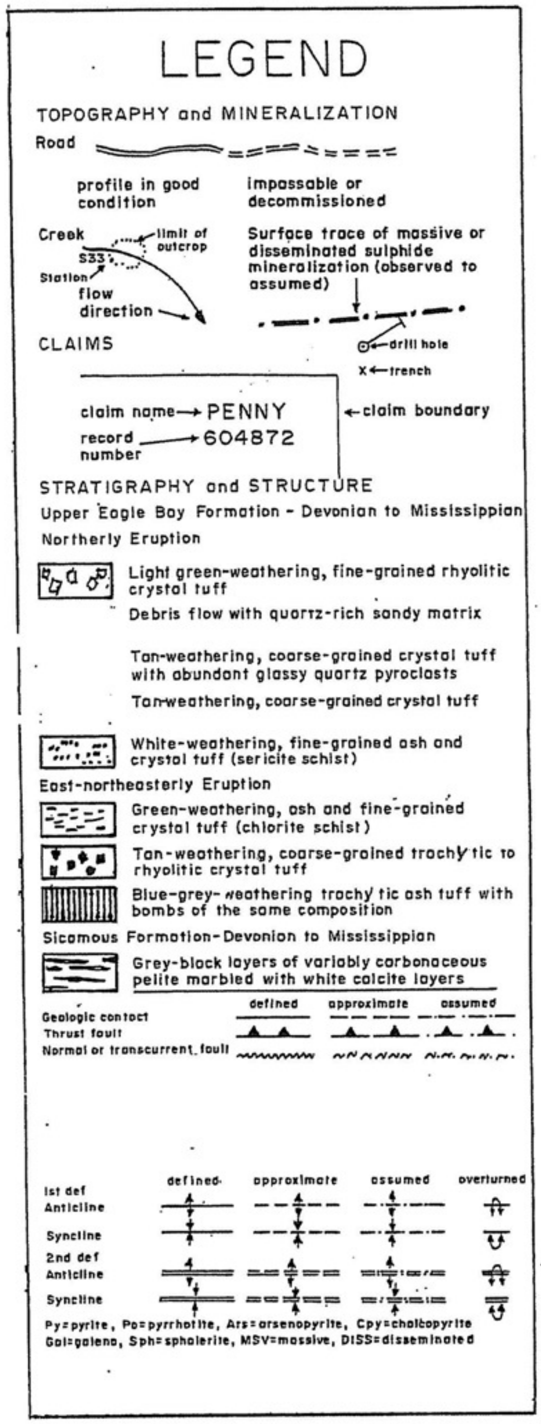
CASSIAR EAST YUKON EXP. LTD.

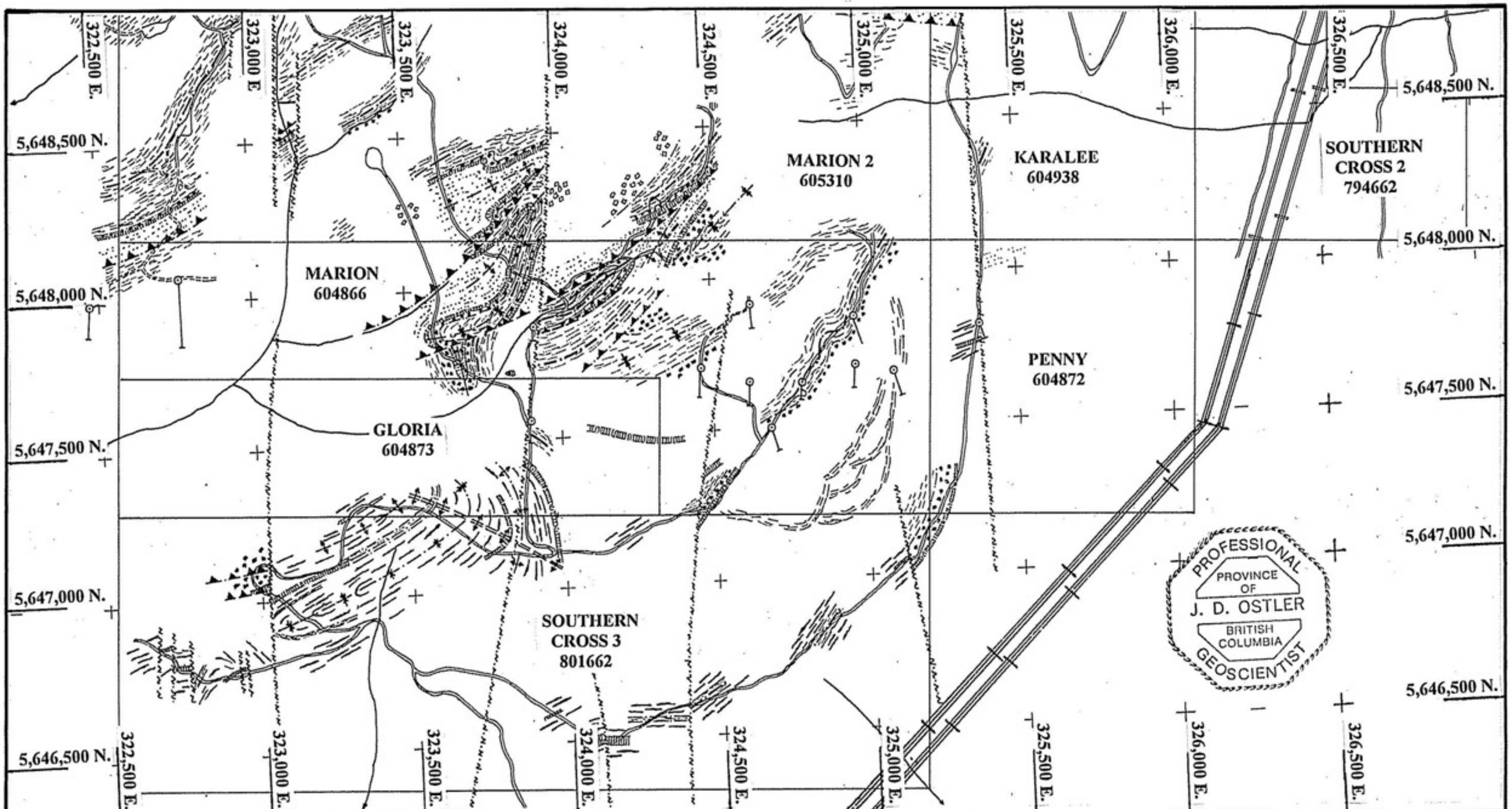
SIGNAL EXPLORATION INC.

SIMPLIFIED PROPERTY GEOLOGY: NORTHERN PART

SCOTCH CREEK PROPERTY
50° 57' 15" N., 119° 29' 26" W.
U.T.M.: 5,647,460 N., 324,480 E.
N.T.S.: 82 L/13 +L/14, KAMLOOPS M.D., B.C.
JOHN OSTLER; M.Sc, P.Geo. MARCH, 2011

Figure 17A
Legend to Figures 17N and 17S





NOTES: This figure is adapted from Ostler, John; 2011: Figure 15E and 15SW.

For legend, see Figure 17A.

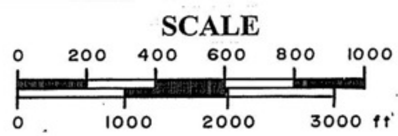


Figure 17S

CASSIAR EAST YUKON EXP. LTD.

SIGNAL EXPLORATION INC.

SIMPLIFIED PROPERTY GEOLOGY: SOUTHERN PART

SCOTCH CREEK PROPERTY

50° 57' 15" N., 119° 29' 26" W.
U.T.M.: 5,647,460 N., 324,480 E.
N.T.S.: 82 L/13 + L/14, KAMLOOPS M.D., B.C.
JOHN OSTLER; M.Sc., P.Geo. MARCH, 2011

Property Geology including Current Mapping

Stratigraphy

At the commencement of the current (2010) exploration program there was no reliable geological map of the Scotch Creek property-area (Section 7.0, this report).

Current geologic mapping has revealed that the metasedimentary and metavolcanic rocks in the Scotch Creek property area are an upright succession that represent various coeval facies resulting from two concurrent eruptions into a shallow marine basin (Figures 17N and 17S) (Ostler, John; 2011).

The eruption responsible for the greatest deposition of volcanic material emanated from a vent-area north of the property-area. It produced a thick pile of rhyolitic to dacitic crystal tuff that was barren of mineralization.

A secondary eruption from a vent-area located east-northeast of the current Scotch Creek property-area was more trachytic in composition and was responsible for all of the Noranda/Kuroko-type mineralization exposed in the property-area. All of the volcanic stratigraphy mapped to date in the property-area is subaqueous.

The most important stratigraphic marker bed on the property is a trachytic tuff that is the basal unit of the east-northeasterly eruption. It is comprised of about 70% feldspar, predominantly orthoclase, and about 30% green-black biotite and hornblende. This tuff was deposited as a single graded bed up to 4.5 m (14.8 ft) thick in the eastern part of the property area. Its thickness declines to about 1 m (3.1 ft) in the southern and western boundary areas of the Scotch Creek property. This increase in thickness to the east-northeast indicates that the vent from which it emanated was located in that direction.

The pyroclastic outblast that formed this tuff bed was a single event probably lasting only a few hours. Consequently, the tuff is a precise time-stratigraphic marker defining a single day in geologic history. Not only is this rock-unit located at the base of the stratigraphy of the east-northeasterly eruption, it occurs within the stratigraphy of the northern eruption on the SOUTHERN CROSS 1 (794642) claim (Figure 17N) and out into the metasedimentary stratigraphy in the southwestern part of the property-area. This reveals that the eastnortheasterly eruption and the mineralization with which it was associated was deposited during the progress of the northerly eruption, and both eruptions were spewing pyroclastic debris into the surrounding marine basin while other sediments were being deposited there. All of the rocks on the Scotch Creek property are coeval.

A coarse-grained trachytic to rhyolitic crystal tuff lies conformably on, and in sharp contact with the trachytic tuff. The coarse-grained crystal tuff weathers to a light tan colour and forms distinctive resistant outcrops. It was deposited in a series of graded beds up to 3 m (9.8 ft) thick. Commonly, beds more than 1 m (3.3 ft) thick are associated with cross-beds that resulted from a large volume of sea-water being pushed out of the way of the pyroclastic material that was being quickly dumped into it. The contact between the coarsegrained and fine-grained crystal tuff that overlies it is conformable and gradational, and reflects the waning of an eruptive cycle. The fine-grained tuff was deposited as a series of graded beds that contained progressively more ash and fewer and smaller pyroclasts up-section. This fine-grained crystal tuff is the most chloritic rockunit in the property-area, making it a distinctive green colour. Other common platy minerals in this rock-unit are sericite, muscovite, and biotite which gives it a shistose character. Adjacent to the mineralized horizon, the fine-grained tuff becomes quite chloritic and is commonly Lincoln green, both on fresh and weathered surfaces. Some of this could be an inter-volcanic, sedimentary bed; however, metamorphism has made that difficult to discern.

Blebs and ribbons of sulphide minerals occur throughout the chloritic part of this rock-unit. Mineralization culminates in a layer or series of layers that were deposited in a narrow stratigraphic interval in relatively quiet water above and around the flanks of lenses of the coarse-grained crystal tuff (Figures 5C and 17S). Disrupted traces of the mineralized horizon are exposed a just above the trachytic tuff north of the SOUTHERN CROSS 1 (794642) claim boundary (Figure 17N), indicating that sulphide mineralization occurred over an extensive area during the progress of the northern eruption.

Sulphide deposition occurred in a single, relatively uncontaminated layer in the southern part of the property-area. Farther north on the MARION 2 (605310) claim, it was diluted by pyroclastic material from the northern eruption.

In some places, mineralization is split into several beds by intervening ash layers (Figures 5C, 5W, and 17S). For details of the mineralized layer, see section 3.4.1of this report.

Fine-grained, chloritic tuff beds exposed above the interval of sulphide deposition indicates thatmineralization occurred during a lull in the east-northeasterly eruption and not at its conclusion.

Variably carbonaceous and carbonate-rich pelite and marble are exposed across much of the southwestern part of the property-area. These rock-units have been correlated with the Sicamous Formation (Okulitch, 1979 and others) and as the uppermost unit of the Eagle Bay Formation (Hoy, 1998, and others). They represent background sedimentation in a relatively shallow marine basin fairly close to carbonate banks or reefs. Thin bands of dark grey biotite and graphite-rich layers are flow-folded with white calcite to produce a wispy, marbled texture on outcrops. The high calcite content make these rock-units soft and easily weathered. Top determinations can be made only when crystal tuff layers are present in these rock-units.

Deformation and Metamorphism

Rocks in the Scotch Creek property-area have been subjected to at least two episodes of folding, followed by thrust faulting and then transcurrent faulting. Both the first and second phases of folding are presumed to be related to the Columbian Orogeny that progressed from the Early Jurassic to Middle Cretaceous Period.

First-phase folds in the Upper Eagle Bay formation felsic volcanic rocks are close to tight and upright, with east-west trending axial traces. Probably, the axial planes of these folds were nearly vertical when they formed. Most of these folds extend for about 500 m (1,640.4 ft) from limb to limb.

During this phase of deformation, the comparitively competent volcanic pile was shoved against adjacent and intercalated sedimentary rocks of the Sicamous Formation. That mudstone and carbonate detritus thickened by the development of small scale flow-folds preferentially in the least competent beds. Regional greenschist metamorphism resulted in dehydration of strata and re-crystallization of reef detritus to calcite and organic material to graphite. All of these processes contributed to compaction of Sicamous Formation rocks.
Competent volcanic beds within the sedimentary stratigraphy were broken into slabs and panels to accommodate thickening. Most local disruptions in the trachyte tuff bed within the sedimentary stratigraphy in the southern part of the property-area may have occurred during the first phase of plastic deformation (Figure 17S).

The second phase of deformation produced upright, open folds with mostly northwesterly trending foldaxes. The orientations of these folds indicates that the principle compressive stress direction rotated from northsouth to northeast-southwest between the first and second phases of folding. Discrete minor structure sets related to the two phases of folding and the rotation of a first-phase cleavage around second-phase fold limbs suggest to the author that plastic deformation was more poly-phase than progressive. Second-phase folds are up to 800 m (2,624.7 ft) from limb to limb.

Unroofing late during the Columbian Orogen may have been responsible for reductions in temperature and confining pressure which resulted in a change in deformation style from ductile to brittle. This was accompanied by another change in the orientation of the principle stresses. The principle compressive stress rotated to a northwest-southeast orientation. High-angle thrust faults developed as felsic volcanic stratigraphy from the east-northeasterly eruption was pushed southeastward over metasedimentary rocks. Coarse-grained crystal tuff stratigraphy related to the northerly eruption was shoved up over rocks from the east-northeasterly eruption. Although this thrust-faulting occurred at moderately low confining pressures, local roll-front folds were formed in quite competent strata in upper fault plates adjacent to these thrusts. These local folds attest to the slow progression of thrusting, and represent a local third phase of folding.

From the Late Cretaceous Period to the Eocene epoch, northwesterly transcurrent faults developed throughout southern British Columbia. In the Scotch Creek property-area, this deformation is represented by a series of northerly trending normal and transcurrent faults. Faulting related to this brittle phase of deformation is most prevalent in the eastern part of the property-area on the western slope of the Scotch Creek valley. The valley may be related to a graben that was formed at this time.

Regional metamorphism attained a maximum of middle amphibolite grade during the second phase of plastic deformation. Metamorphic green-black biotite is common throughout rocks in the property-area. Basaltic hornblende can be found in most outcrops of the trachytic ash tuff. Small almandine garnet porphyroblasts are common in finer grained interbeds within the coarse-grained crystal tuff of the eastnortheasterly eruption.

White milky quartz segregations and veins occur after the culmination of second-phase folding and metamorphism. These may be related to thrust faulting. Commonly, these quartz bodies are associated witha significant amount of epidote in the coarse-grained crystal tuffs from the northerly eruption.

Near third-phase, normal, and transcurrent fault planes, silica alteration and bleaching is common. Marcasite production and the pegmatite mineralization on the property is associated with fluids moving along these faults.

MINERALIZATION AND DEPOSIT TYPE SOUGHT ON THE SCOTCH CREEK PROPERTY

Deposit Type Sought: Noranda/Kuroko-type Massive Sulphide Deposit

The mineral exploration target on the Scotch Creek property is a Noranda/Kuroko type massive sulphide deposit.

Noranda/Kuroko massive sulphide deposits were described by Trygve Höy (1995) as follows:

NORANDA/KUROKO MASSIVE SULPHIDE Cu-Pb-Zn G06
IDENTIFICATION

SYNONYM: Polymetallic volcanogenic massive sulphide.

COMMODITIES (*BYPRODUCTS*): Cu, Pb, Zn, Ag, Au (*Cd, S, Se, Sn, barite, gypsum*)

EXAMPLES (British Columbia (MINFILE # - *Canada/ International*):

Homestake (082M025), Lara (092B001), Lynx (092B129), Myra (092F072), Price (092F073), H-W (092F330), Ecstall (103H011), Tulsequah Chief (104K011), Big Bull (104K008), Kutcho Creek (104J060), Britannia (092G003); Kidd Creek (Ontario, Canada), Buchans (Newfoundland, Canada), Bathurst-Newcastle district (New Brunswick, Canada), Horne-Quemont (Québec, Canada), Kuroko district (Japan), Mount Lyell (Australia), Rio Tinto (Spain), Shasta King (California, USA), Lockwood (Washington, USA).

GEOLOGICAL CHARACTERISTICS

CAPSULE DESCRIPTION:

One or more lenses of massive pyrite, sphalerite, galena, and chalcopyrite commonly within felsic volcanic rocks in a calcalkaline bimodal arc succession. The lenses may be zoned, with a Cu-rich base and a Pb-Zn-rich top; low-grade stockwork zones commonly underlie lenses and barite or chert layers may overlie them.

TECTONIC SETTING:

Island arc; typically in a local extensional setting or rift environment within, or perhaps behind, an oceanic or continental margin arc.

DEPOSITIONAL ENVIRONMENT / GEOLOGICAL SETTING:

Marine volcanism; commonly during a period of more felsic volcanism in an andesite (or basalt) dominated succession; locally associated with fine-grained marine sediments; also associated with faults or prominent fractures.

AGE OF MINERALIZATION:

Any age; In British Columbia typically Devonian; less commonly Permian-Mississippian, Late Triassic, Early (and Middle) Jurassic, and Cretaceous.

HOST / ASSOCIATED ROCK TYPES:

Submarine volcanic arc rocks; rhyolite, dacite associated with andesite or basalt; less commonly, in mafic alkaline arc successions; associated epiclastic deposits and minor shale or sandstone; commonly in close proximity to felsic intrusive rocks. Ore horizon grades laterally and vertically into thin chert or sediment layers called informally “exhalites”.

DEPOSIT FORM:

Concordant massive to banded sulphide lens which is typically metres to tens of metres thick and tens to hundreds of metres in horizontal dimension; sometimes there is a peripheral apron of “clastic” massive sulphides; underlying crosscutting “stringer” zone of intense alteration and stockwork veining.

TEXTURE / STRUCTURE:

Massive to well layered sulphides, typically zoned vertically and laterally; sulphides with quartz, chert or barite gangue (more common near the top of the deposit); disseminated, stockwork and vein sulphides (footwall).

ORE MINERALOGY (Principal and *subordinate*):

Upper massive zone: pyrite, sphalerite, galena, chalcopyrite, *pyrrhotite, tetrahedrite-tennanite, bornite, arsenopyrite.* Lower massive zone: pyrite, chalcopyrite, *sphalerite, pyrrhotite, magnetite.*

GANGUE MINERALOGY:

Barite, chert, *gypsum, anhydrite and carbonate* near top of lens, carbonate, quartz, chlorite and sericite near the base.

ALTERATION MINERALOGY:

Footwall alteration pipes are commonly zoned from the core with quartz, sericite or chlorite to an outer zone of clay minerals, albite and carbonate (siderite or ankerite).

ORE CONTROLS:

More felsic component of mafic to intermediate volcanic arc succession; near centre of felsic volcanism (marked by coarse pyroclastic breccias or felsic dome); extensional faults.

ASSOCIATED DEPOSIT TYPES:

Stockwork Cu deposits; vein Cu, Pb, Zn, Ag, Au.

EXPLORATION GUIDES

GEOCHEMICAL SIGNATURE:

Zn, Hg and Mg halos, K addition and Na and Ca depletion of footwall rocks; closer proximity to deposit - Cu, Ag, As, Pb; within deposit - Cu, Zn, Pb, Ba, As, Ag, Au, Se, Sn, Bi.

GEOPHYSICAL SIGNATURE:

Sulphide lenses usually show either an electromagnetic or induced polarization signature depending on the style of mineralization and the presence of conductive sulphides. In recent years borehole electromagnetic methods have proven successful.

OTHER EXPLORATION GUIDES:

Explosive felsic volcanics, volcanic centres, extensional faults, exhalite (chert) horizons, pyritic horizons.

ECONOMIC FACTORS

GRADE AND TONNAGE:

Average deposit size is 1.5 million metric tonnes (1.65 million tons) containing 1.3% Cu, 1.9% Pb, 2.0% Zn, 0.16g/t (0.047 oz/ton) Au and 13 g/t (0.38 oz/ton) Ag ... British Columbia deposits range from less than 1 to 2 million metric tonnes (1.1 to 2.2 million tons) to more than 10 million metric tonnes (11 million tons). The largest are the H-W 10.1 million metric tonnes (11.1 million tons) with 2.0% Cu, 3.5% Zn, 0.3% Pb, 30.4 g/t (0.89 oz/ton) Ag and 2.1 g/t (0.061 oz/ton) Au ,and Kucho with a combined tonnage of 17 million metric tonnes (18.7 million tons) of 1.6% Cu, 2.3% Zn, 0.06% Pb, 29 g/t (0.85 oz/ton) Ag and 0.3 g/t (0.009 oz/ton) Au.

IMPORTANCE:
Noranda/Kuroko massive sulphide deposits are major producers of Cu, Zn, Ag, Au and Pb in Canada. Their high grade and commonly high precious metal content continue to make them attractive exploration targets.

Höy, Trygve
in:
Lefebure, D.V. and Ray, G.E. ed.; 1995, pp. 53-54.

Some Massive Sulphide Deposits on Adams Plateau

Attributes of some of the most notable massive sulphide deposits in the Adams Plateau area were summarized by M.J. van de Guchte (1993) as follow:

The Eagle Bay rocks are host to numerous mineral occurrences including stratabound massive and semi-massive sulphides, disseminated sulphides, and replacement and/or vein-type mineralization. Known (massive sulphide) deposits include the ... Samatosum Mine, located in mafic volcanics, that contained approximately 640,000 tonnes (704,000 tons) of 1,035 g/t (30.19 oz/ton) Ag, 1.9 g/t (0.055 oz/ton) Au, 1.2% cu, 3.6% Zn, and 1.7% Pb, and the Homestake deposit, hosted in felsic volcanics, which has an historic geological resource estimated at 1,000,000 tonnes (1,100,000 tons) of 200 g/t (5.83 oz/ton) Ag, 2.5% Pb, 4.0% Zn, 0.55% Cu and 28% barite ...
Van de Guchte; 1993: p. 5.

Both the Samatosum mine (MINFILE 082M244) and the Homestake deposit (MINFILE 082M025) are located about 36 km (22 mi) northwest of the Scotch Creek property.

The Noranda/Kuroko massive sulphide occurrence on the Scotch Creek property is recorded as the Scotch prospect (MINFILE 082LNW046) in the British Columbia Mineral Inventory. Dozens of other occurrences of Noranda/Kuroko massive sulphide mineralization are listed for N.T.S. map sheets 82 L and M.

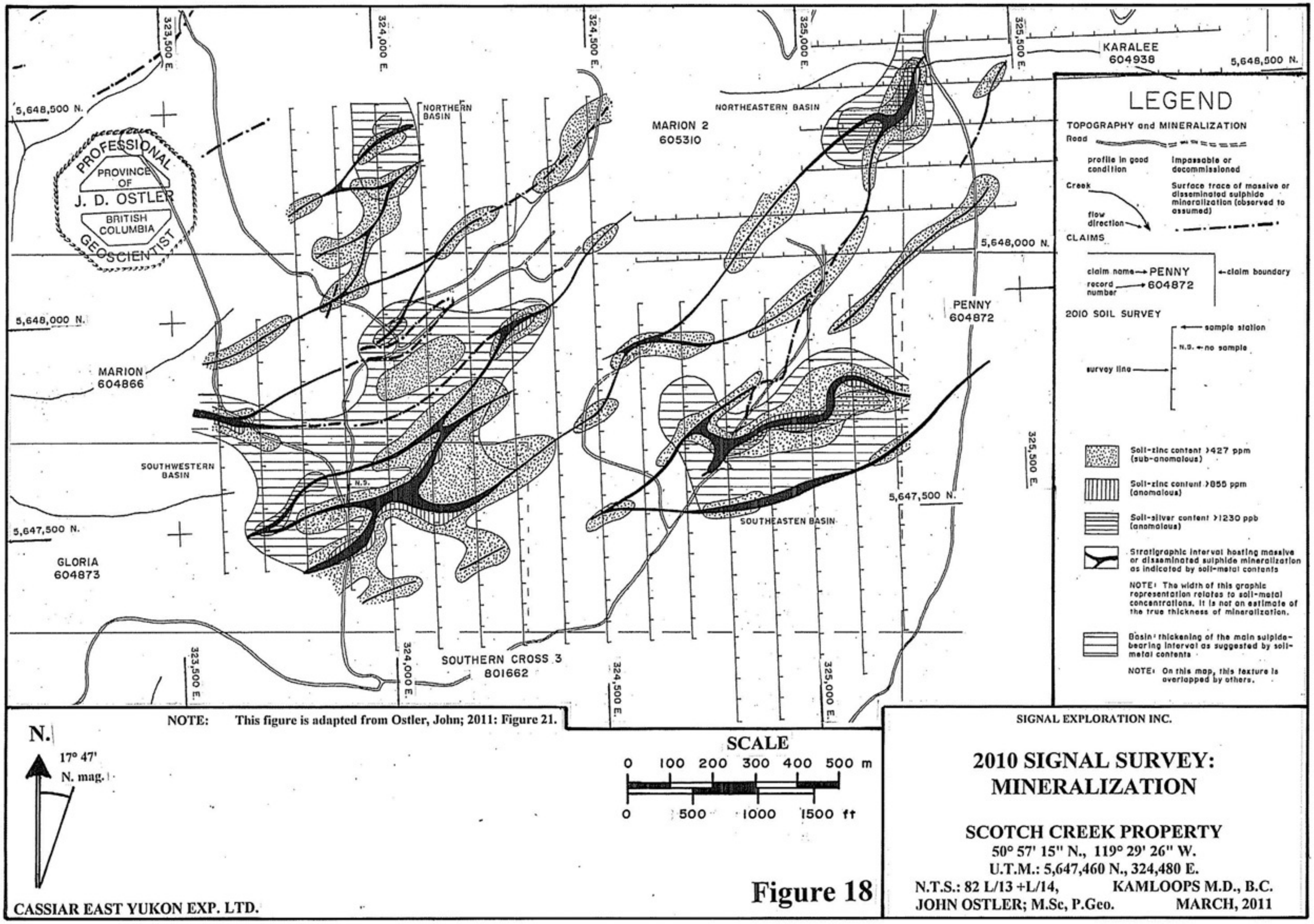

LEGEND
TOPOGRAPHY and MINERALIZATION
Road
profile in good condition
impassable or decommissioned
Creek
flow direction
Surface trace of massive or disseminated sulphide mineralization (observed to assumed)
CLAIMS
claim name → PENNY
record number → 604872
←claim boundary
2010 SOIL SURVEY
← sample station
N.S. ← no sample
survey line
Soil-zinc content >427 ppm (sub-anomalous)
Soil-zinc content >855 ppm (anomalous)
Soil-silver content >1230 ppb (anomalous)
Stratigraphic interval hosting massive or disseminated sulphide mineralization as indicated by soil-metal contents
NOTE: The width of this graphic representation relates to soil-metal concentrations. It is not an estimate of the true thickness of mineralization.
Basin: thickening of the main sulpide-bearing interval as suggested by soil-metal contents
NOTE: On this map, this texture is overlapped by others.
KARALEE
604938
MARION 2
605310
PENNY
604872
MARION
604866
GLORIA
604873
SOUTHERN CROSS 3
801662
NORTHERN BASIN
NORTHEASTERN BASIN
SOUTHWESTERN BASIN
SOUTHEASTEN BASIN
N.S.
5,648,500 N.
5,648,000 N.
5,647,500 N.
323,500 E.
324,000 E.
324,500 E.
325,000 E.
325,500 E.
PROFESSIONAL GEOSCIENTIST
PROVINCE OF BRITISH COLUMBIA
J. D. OSTLER
N.
17° 47'
N. mag.
SCALE
0 100 200 300 400 500 m
0 500 1000 1500 ft
NOTE: This figure is adapted from Ostler, John; 2011: Figure 21.
CASSIAR EAST YUKON EXP. LTD.
SIGNAL EXPLORATION INC.
2010 SIGNAL SURVEY: MINERALIZATION
SCOTCH CREEK PROPERTY
50° 57' 15" N., 119° 29' 26" W.
U.T.M.: 5,647,460 N., 324,480 E.
N.T.S.: 82 L/13 +L/14, KAMLOOPS M.D., B.C.
JOHN OSTLER; M.Sc, P.Geo. MARCH, 2011

Figure 18

They range in size from small showings to million-ton deposits like the Homestake deposit. Most of these occurrences are associated with Upper Eagle Bay Formation volcanic rocks.

Mineralization in the Scotch Creek Property-area

Volcanogenic Massive and Disseminated Sulphide

Although occurrences of this type of mineralization are plentiful in the Scotch Creek property-area, all of them are exposures of a single, extensive, sulphide-bearing, stratigraphic interval. The interval is hosted by a chloritic ash and fine-grained crystal tuff that was deposited during a lull in the primarily trachytic eastnortheasterly eruption. The sulphide-bearing interval is about 30 m (98.4 ft) stratigraphically above the contact between a distinctively blue-grey-weathering trachytic ash bed and a tan-weathering, coarse-grained, orthoclase, crystal tuff. Both of those rock-units are resistant marker beds. Consequently, the general location of the sulphide-bearing interval is easy to predict on the ground.

While the east-northeasterly eruption was waning and the sulphide-bearing interval was being deposited, rhyolitic crystal tuffs were being deposited by an eruption with a vent-area north of the SOUTHERN CROSS 1 (794642) claim. Material from the northerly eruption variously contaminated sulphide deposition which was the background sedimentation on the sea floor at that time. Contamination and disruption of the sulphide-bearing layer decreases from extreme, north of the SOUTHERN CROSS 1 (794642) claim, to moderate and variable on the Marion 2 (605310) claim, to negligible on the MARION (604866) and GLORIA (604873) claims in the southern part of the property-area. Near the northwestern corner of the Marion 2 (605310) claim at station S126A (northwest corner of Figure 5W), the sulphide-bearing interval occurs as thin layers of disseminated and massive sulphide mineralization over a 2-m (6.56-ft) thickness. These laminae are separated by at least three fine-grained, rhyolitic tuff layers.

Undiluted sulphide deposition averages about 25 cm (0.82 ft) in thickness in much of the southern part of the property-area. Thickness increases to more than 1 m (3.05 ft) where sulphide-bearing brines have ponded in depressions on the palaeo-sea-floor. Four such “basins” are indicated by soil-metal anomalies and geological mapping during the current (2010) program augmented by the results of previous surveys and by old drill data (Figure 18). Differential sulphide-layer thickening may have been accentuated by sulphide mineral flow into fold hinges during the two phases of plastic deformation. Maximum massive sulphide thickness is not known yet, partly due to sparse data.

Current (2010) soil survey results on the eastern part of the MARION (604866) claim indicate that massive sulphide deposition is zoned with regard to copper and zinc contents (Figures 19 and 21). Of particular interest, are copper-rich areas within the northeastern and southeastern basins, and with a lesser intensity in the southwestern basin (Figure 18). These areas of high soil-copper contents are interpreted to be reflections of copper-rich zones within more extensive zinc-rich sulphide accumulations. Areas of anomalous soil-silver concentrations within soil-zinc anomalies are deemed to represent zones of high lead and silver concentration in sulphide accumulations assuming that most silver is associated with galena (PbS).

Where sulphide mineralization was thin, metamorphism has been able to penetrate and re-crystallize it. Platy segregations and crystals of pyrite, pyrrhotite, chalcopyrite, sphalerite, galena, and arsenopyrite are normally oriented in local cleavage planes. Sulphides in these areas are comparitively pyrite-rich and deficient in pyrrhotite and arsenopyrite in comparison to thicker massive sulphide sections. This may be due to the replacement of pyrrhotite and arsenopyrite by pyrite and a loss of arsenic during metamorphism. The comparative effects of metamorphism on sulphide mineralization relating to the first and second phases of plastic deformation have not been studied.

Where massive sulphide mineralization is more than 50 cm (1.64 ft) thick, it has been almost impermeable to metamorphic fluids; original sedimentary textures and mineralization have been betterpreserved. Arsenopyrite and silica separated from the fluid first. Both formed small segregations and beads, commonly less than 1 cm (0.4 inch) long. Arsenopyrite blebs commonly are concentrated in planes parallel with the enclosing bedding planes. Silica blebs are more randomly dispersed throughout the sulphide mass. Chalcopyrite, pyrite, and pyrrhotite all appear to have crystallized next, forming layers and segregations throughout the sulphide mass. Sphalerite and galena form a fine-grained groundmass that fills the voids left after crystallization of other minerals. Results of the author’s 2010 sampling are as follow:

Table 7
Ostler's 2010 Sampling Results

S. No.	U.T.M. Location	Claim	Description	Interval m ft.	Cu ppm	Pb ppm	Zn ppm	As ppm	Au gm/mt oz/t	Ag gm/mt oz/t
S1-1	5,648,842 N., 323,367 E.	MARION 2 605310	Ribbons of Py, sph, variably weathered in EB fxt	0.5 1.64 Composite chip	23.2	9.7	22	0.9	0.02 <0.001	0.10 <0.01
S2-1	5,648,380 N., 323,623 E.	MARION 2 605310	chlorite-sericite schist (EB fxt) with several zones containing diss sulphide mineralization	50.0 164 composite chip	110.5	16.1	66	1.1	0.02 <0.001	0.19 <0.01
S2-2	5,648,380 N., 323,583 E.	MARION 2 605310	diss sulphide layer 0.8 m thick	grab	328	27.0	17	5.8	0.01 <0.001	0.33 0.01
S7-3	5,648,072 N., 323,847 E.	MARION 604866	float boulder of diss to msv sulphide	grab	840	46.7	6210	<5	<0.01 <0.001	1.93 0.06
S8-1	5,648,063 N., 323,872 E.	MARION 604866	Cobble of msv Po, Py, Ars, Gal, Sph on the 671 road	grab	637	1.26%	3.53%	>1%	0.43 0.013	14.35 0.42
S8-3	5,648,063 N., 323,872 E.	MARION 604866	cobble with ribbons of Po, Ars, Sph, Gal	grab	427	1925	1.395%	2010	0.03 <0.001	4.48 0.13
S8-4	5,648,083 N., 323,878 E.	MARION 604866	Rusty EB fxt (chloritic schist) subcrop	composite chip	10.0	79.7	256	257	<0.01 <0.001	0.13 <0.01
S11-1	5,648,380 N., 323,583 E.	MARION 2 605310	Rusty EB fxt (chloritic schist)	composite grab	61.1	6.2	62	2.4	0.01 <0.001	0.05 <0.01
S11A-1	5,648,286 N., 323,998 E.	MARION 2 605310	Rusty EB fxt (chloritic schist)	composite grab	23.0	7.0	32	3.5	<0.01 <0.001	0.6 0.02
S12-1	5,648,326 N., 324,018 E.	MARION 2 605310	EB fxt with hematite + quartz ribbons	grab	28.5	17.4	336	3.0	0.01 <0.001	0.07 <0.01

NOTES: **This table is from Ostler, John; 2011: Table 6.**
Rock units from the east-northeasterly eruption: EB fxt = fine-grained chloritic crystal and ash tuff, EB cxt = coarse-grained trachytic to rhyolitic crystal tuff
For locations of most samples, see Figures 5E, 5C, and 5W.
Py = pyrite, Po = pyrrhotite, Cpy = chalcopyrite, Ars = arsenopyrite, Gal = galena, Sph = sphalerite, msv = massive, diss = disseminated

Table 7 Continued
Ostler's 2010 Sampling Results

S. No.	U.T.M. Location	Claim	Description	Interval m ft.	Cu ppm	Pb ppm	Zn ppm	As ppm	Au gm/mt oz/t	Ag gm/mt oz/t
S15-1	5,648,380 N., 323,583 E.	MARION 2 605310	S2-2 layer re-sampled 80-cm th layer of diss sulphide	0.8 2.6 Composite chip	84.0	11.7	52	7.8	0.02 <0.001	0.16 <0.01
S19-1	5,648,287 N., 324,348 E	MARION 2 605310	EB fxt float with <5% diss Po, Py, Sph Cpy	composite grab	68.5	32.3	88	3.3	0.01 <0.001	0.30 0.01
S23-1	5,647,830 N., 324,006 E	MARION 604866	Large block of msv Po, Py, Ars, Sph, Gal at doorway to bunkhouse in old logging camp	composite chip	23.0	5450	178	>1%	2.05 0.060	47.6 1.39
S25-1	5,647,914 N., 324,025 E	MARION 604866	Siliceous subcrop with minor diss Po, Py, Cpy	composite grab	107.0	42.1	133	6.3	<0.01 <0.001	0.31 0.01
S32-1	5,647,848 N., 323,679 E	MARION 604866	EB fxt float with <3% diss Py, Po, Sph, Cpy	composite grab	98.2	7.1	152	1.4	<0.01 <0.001	0.10 <0.01
S35-1	5,647,535 N., 323,915 E	GLORIA 604873	EB fxt float with <10% diss Py, Po, Sph, Cpy	composite grab	2660	45.9	1220	3.7	0.02 <0.001	2.13 0.06
S49-1	5,649,465 N., 326,025 E	KARALEE 604938	composite grab across whole pegmatite showing	grab	653	9.7	55	1.4	0.01 <0.001	0.50 0.01
S49-2	5,649,465 N., 326,025 E	KARALEE 604938	chips containing coarse-grained Sph, Gal in quartz	grab	305	25.2	124	49.7	0.01 <0.001	0.46 0.01
S49A-1	5,649,485 N., 326,022 E	KARALEE 604938	EB fxt with abundant hematitic bands	3.0 9.2 composite chip	54.2	6.4	27	1.8	0.01 <0.001	0.06 <0.01
S54A-1	5,648,355 N., 325,391 E.	KARALEE 604938	Boulders of hornfelsed EB fxt with diss Py, Po	grab	15.0	28.5	246	5	0.01 <0.001	0.21 <0.01
S54A-2	5,648,355 N., 325,391 E.	KARALEE 604938	Boulders of hornfelsed EB fxt with diss Py, Po	grab	12.2	158.0	288	0.5	0.01 <0.001	0.09 <0.01

NOTES: **This table is from Ostler, John; 2011: Table 6.**
Rock units from the east-northeasterly eruption: EB fxt = fine-grained chloritic crystal and ash tuff, EB cxt = coarse-grained trachytic to rhyolitic crystal tuff
For locations of most samples, see Figures 5E, 5C, and 5W.
Py = pyrite, Po = pyrrhotite, Cpy = chalcopyrite, Ars = arsenopyrite, Gal = galena, Sph = sphalerite, msv = massive, diss = disseminated

Table 7 Continued
Ostler's 2010 Sampling Results

S. No.	U.T.M. Location	Claim	Description	Interval m ft.	Cu ppm	Pb ppm	Zn ppm	As ppm	Au gm/mt oz/t	Ag gm/mt oz/t
S62-1	5,646,879 N., 324,880 E.	SOUTHERN CROSS 3 801662	Boulder of chloritic EB fxt in 671 road bed with lightly diss Py, Po, Cpy, Sph	grab	808	29.6	252	60.1	0.05 0.001	0.72 0.02
S62-2	5,646,879 N., 324,880 E.	SOUTHERN CROSS 3 801662	Boulder of chloritic EB fxt in 671 road bed with lightly diss Py, Po, Cpy, Sph	grab	113.5	22.6	722	1.6	<0.01 <0.001	0.19 <0.01
S76-1	5,647,965 N., 324,019 E.	MARION 604866	Subcrop of EB fxt in 671 road ditch with diss Py, Cpy	composite chip	198.0	86.0	>1.0%	79.9	0.07 0.002	1.34 0.04
S79-1	5,647,835 N., 324,307 E.	MARION 604866	rusty ribbons in EB fxt close to EB cxt	composite chip	245	51.5	463	30.0	0.03 <0.001	1.26 0.04
S93-1	5,647,588 N., 324,763 E.	MARION 604866	ribbons of diss Py, Cpy, Sph in chloritic EB fxt boulder	composite chip	534	4.1	380	1.0	<0.01 <0.001	0.13 <0.01
S95-1	5,647,744 N., 324,861 E.	MARION 604866	20 cm thick layer of lightly diss Py, Cpy, Sph in chloritic EB fxt	0.2 0.6 Channel	266	10.9	327	25.0	<0.01 <0.001	0.39 0.01
S107-1	5,648,414 N., 324,494 E.	MARION 2 605310	EB fxt float siliceous with <3% diss Py, Po	composite grab	50.4	56.4	146	0.5	<0.01 <0.001	0.28 0.01
S126-1	5,648,693 N., 322,854 E.	MARION 2 605310	boulder of EB fxt with <10% diss Po, Py, Cpy	grab	74.2	6.7	37	1.6	0.04 0.001	0.06 <0.01
S126 A-1	5,648,675 N., 322,850	MARION 2 605310	2.0 m of EB fxt with ribbons of diss + msv Po, Py, Cpy	2.0 6.6 composite chip	1535	9.0	65	19.5	0.06 0.002	1.09 0.03
S131-1	5,648,374 N., 322,785 E.	5,648,116 N., 322,642 E.	rusty EB fxt subcrop	grab	372	12.9	205	14.3	0.01 <0.001	0.73 0.02
S135-1	5,648,116 N., 322,642 E.	5,648,116 N., 322,642 E.	boulder with silica ribbons + diss Py, Po, Sph, Gal	grab	86.6	781	1960	12.8	<0.01 <0.001	1.66 0.05

NOTES: This table is from Ostler, John; 2011: Table 6.
Rock units from the east-northeasterly eruption: EB fxt = fine-grained chloritic crystal and ash tuff, EB cxt = coarse-grained trachytic to rhyolitic crystal tuff
For locations of most samples, see Figures 5E, 5C, and 5W.
Py = pyrite, Po = pyrrhotite, Cpy = chalcopyrite, Ars = arsenopyrite, Gal = galena, Sph = sphalerite, msv = massive, diss = disseminated

Table 7 Continued
Ostler's 2010 Sampling Results

S. No.	U.T.M. Location	Claim	Description	Interval m ft.	Cu ppm	Pb ppm	Zn ppm	As ppm	Au gm/mt oz/t	Ag gm/mt oz/t
S161-1	5,648,984 N., 323,000 E.	MARION 2 605310	Pebbles of EB fxt light diss Py, Cpy in kill zone	composite grab	746	21.8	113	19.9	0.02 <0.001	0.96 0.03
S166-1	5,648,862 N., 325,155 E.	MARION 2 605310	boulder of chloritic EB fxt with Py, Cpy, Po	grab	2710	12.8	129	3.3	0.01 <0.001	1.29 0.04
S172-1	5,649,668 N., 324,326 E.	North of property	subcrop with thin layer containing <10% diss Py, Po, Sph	composite grab	141.5	56.2	343	2.0	<0.01 <0.001	0.26 <0.01
S173-1	5,647,862 N., 324,164 E.	MARION 604866	3 cm thick band of diss Py, Ars, Sph in chloritic EB fxt in old trench	0.03 0.1 Channel	39.0	19.9	283	18.0	0.02 <0.001	0.31 <0.01
S177-1	5,647,738 N., 324007 E.	MARION 604866	blocks of diss Py, Po, Cpy in old road below old trench	composite grab	1035	52.0	100	4.0	0.02 <0.001	0.81 0.02
S178-1	5,647,722 N., 323,915 E.	MARION 604866	Boulder of msv sulphide in ditch of 671 road	grab	1240	2.75%	4.12%	63.8	0.21 0.006	56.1 1.64
S184-1	5,649,951 N., 324,389 E.	North of property	Diss Gal, Sph, Cpy, Py, Po in float boulders in road bed	composite grab	590	1860	235	8	0.04 0.001	10.35 0.30
S193-1	5,648,657 N., 323,515 E.	MARION 2 605310	Chloritic EB fxt cobbles with <3% diss Po, Py, Cpy	composite grab	517	95.8	90	6	0.02 <0.001	1.15 0.03
S198-1	5,648,719 N., 323,199 E	MARION 2 605310	cobbles of msv to diss Py, Po, Cpy, Gal, Sph	composite grab	691	354	735	6.2	0.01 <0.001	2.22 0.06
S205-1	5,648,630 N., 323,110 E.	MARION 2 605310	15 cm rusty section of EB fxt with diss Py, Po, Cpy	0.15 0.5 composite chip	229	27.3	414	3.9	0.02 <0.001	0.47 0.01

NOTES: This table is from Ostler, John; 2011: Table 6.
Rock units from the east-northeasterly eruption: EB fxt = fine-grained chloritic crystal and ash tuff, EB cxt = coarse-grained trachytic to rhyolitic crystal tuff
For locations of most samples, see Figures 5E, 5C, and 5W.
Py = pyrite, Po = pyrrhotite, Cpy = chalcopyrite, Ars = arsenopyrite, Gal = galena, Sph = sphalerite, msv = massive, diss = disseminated

Only a small fraction of the total extent of massive sulphide mineralization in the property-area that is indicated by the 2010 soil survey and historic drilling has been observed and sampled. Thus, average textures and abundances of various sulphide minerals throughout the sulphide-bearing interval cannot be determined accurately yet. The 2010 sampling (Table 7) represents only the mineralization that could be found in outcrop during current mapping. It is insufficient to be used to predict the tenor or true thickness of unexposed mineralization.

Pegmatite and Fault-related Mineralization

Thrust faulting after the second plastic deformation seems to have occurred quite slowly, as is demonstrated by rolling of competent rock-units on the upper plates of several of the thrusts. Any mineralizing fluids that may have been present, had adequate time to disperse without concentrating any sulphide mineralization. All re-deposition of sulphide minerals in the property-area appears to be related to late, northsouth-trending, normal and transcurrent faults.

In the southern part of the property-area on the SOUTHERN CROSS 3 (801662) claim, marcasite float occurs at the assumed traces of late normal faults along the 671 road. Marcasite is a low-temperature, normally gold-poor form of pyrite.

Coarse-grained pegmatite mineralization in quartz segregations occurs beside the 671 road near the eastern boundary of the KARALEE (604938) claim. The showing was blasted and opened up with a bulldozer to form a 200 m^2 (2,152.8 ft^2) pad along the west side of the road (Station S49, Figure 5E).

Mineralization comprises irregular blebs of pyrrhotite, pyrite, galena, and sphalerite in quartz segregations. Sample S49-1 was a composite grab sample taken of average rock across the whole bulldozed showing-area; sample S49-2 was a composite grab sample from the same area of quartz containing coarsegrained sulphide minerals. Neither sample contained much sulphide mineralization (Table 7).

The host rock is fine-grained crystal tuff of the east-northeasterly eruption that is interpreted to have been bleached by fluids migrating along a late northerly trending fault in that area. Adjacent unbleached, finegrained, crystal tuff at station S49A is typical of that rock-unit. It is chloritic and has somewhat elevated base metal contents (Sample S49A-1, Table 7). Because the metal contents of samples S49-1, S49-2, and S49A-1are quite similar, the showing is interpreted to have been the result of local coarsening of sulphides already present in the fine-grained tuff with little or no large-scale metal transport. Consequently, that showing is deemed to be of no economic importance.

Summary of Exploration Conducted by the Author and Signal Exploration Inc. in the Scotch Creek Property-area

During the summer of 2009, the author examined the published literature regarding the area currently covered by the Scotch Creek property.

Bruce Squinas, Joseph Lawrence and two associates conducted a prospecting program in the property area comprising 20 man-days of work from April 17 to 22, 2010 (Squinas with Ostler, 2010). The prospectors found indications of three Noranda/Kuroko-type sulphide mineralization and one occurrence of pegmatite faultrelated mineralization. Subsequently, those four mineral occurrences were confirmed by the author in the presence of Bruce Squinas.

The author conducted exploration on the Scotch Creek property from May 31 to June 3, June 11 to 15, August 30 to September 17, and September 21 to October 2, 2010. The main part of Signal Exploration Inc.'s current (2010) exploration on the Scotch Creek property was conducted from August 30 to October 2, 2010 (Ostler, 2011).

Procedures and Parameters of the Current (2010) Exploration Program

During the current (2010) geological mapping program, a total of 482 ha (1,190.5 A) were mapped at a scale of 1:5,000 across most of the property-area (Ostler, 2011) (Figures 17N, and 17S). Base maps were generated through black-line blow-ups of parts of the 1:20,000-scale B.C. Topographic Map No. 082L 093: Scotch Creek. Station locations were established using a Garmin XL12 GPS unit; structural measurements were taken with a Brunton Compass. A total of 42 samples of mineralization were taken (Table 7).

An estimated 100 hectares (247 acres) of area was prospected with varying degrees of intensity in numerous areas throughout the property-area. Prospecting was conducted as an adjunct to geological mappingin several areas in order to locate old workings, drill sites, mineralization, and outcrop. Standard prospecting methods were employed.

Soil survey was conducted over a grid comprising a total of 22.95 km (14.0 mi) of survey line and 2.4 km (1.5 mi) of base line for a total of 25.35 km (15.5 mi) of line (Ostler, 2011) (Figures 19 to 23). Lines were laid out along U.T.M. grid lines using a Brunton Compass and hip-chain. At about 90% of the stations locations within a few metres could be established using GPS units. Lines were laid out at 100-m (328-ft) spacings and samples were taken at 50-m (164-ft) intervals along each line. A total of 481 soil samples were taken from illuviated ‘B’ horizons (Sections 5.3.2, 6.1, and 6.2, this report).

Results and Interpretation of the Current (2010) Exploration Program

Geological Mapping, Prospecting, and Examinations of Mineralization

Results of the current (2010) geological mapping form section 3.3 of this report. Descriptions of Noranda/Kuroko-type massive and disseminated sulphide mineralization, and fault-related mineralization form sections 3.4and 5.3 of this report respectively. Sampling results are contained in Table 7. Prospecting was conducted as a support function to geological mapping and is not reported upon separately.

Soil Surveys

The methods of Claude Lepeltier (1969) were used to establish soil-metal thresholds from the current (2010) sample populations of copper, lead, zinc, silver, and arsenic. Soil-gold contents were low and erratic; they were not contoured. Soil-metal thresholds that were established were as follow:

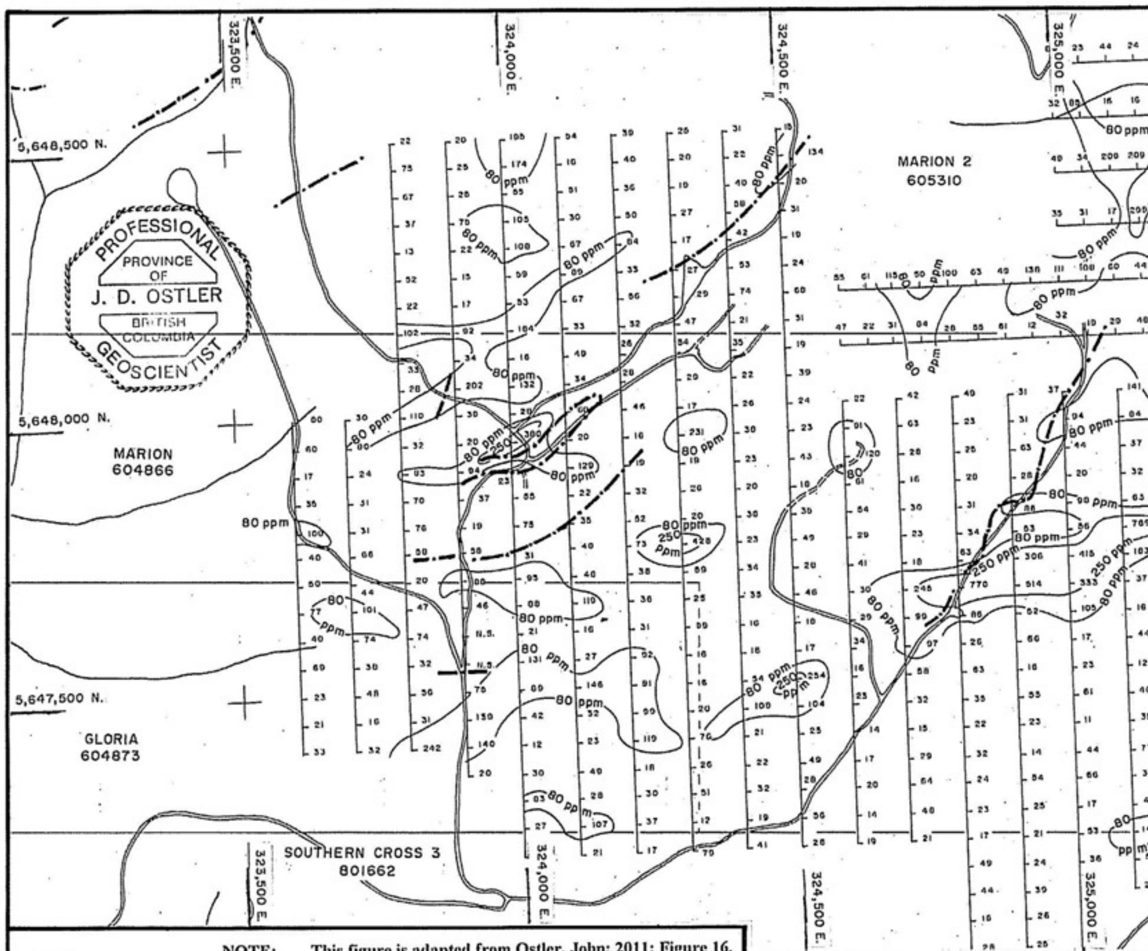
TABLE 8
Soil-Metal Thresholds

Soil-metal Threshold	Copper ppm	Lead ppm	Zinc ppm	Silver ppb	Arsenic ppm
Anomalous 2nd positive Standard D. (excludes 97.5% of data)	250	45	855	1,230	9.3
Sub-anomalous 1st positive Standard D. (excludes 85% of data)	80	33	427	720	6.3

Soil-zinc concentrations are the most useful in discerning the locations of sulphide mineralization in covered areas (Figure 21). This is deemed to be due to the comparative lack of mobility of zinc in soil profiles combined with zinc-rich targets. Because soil-zinc distributions matched the pattern of mineralized outcrops quite well, they were used as a primary indicator of the locations of the potentially thickest accumulations of buried massive sulphide mineralization. Four such “basins” were defined across the 2010 Signal grid-area (Figure 18).
High soil-copper concentrations occur mostly as nodes within areas of high soil-zinc concentrations (Figures 19 and 21). Of particular interest, are copper-rich areas within the northeastern and southeastern basins, and with a lesser intensity in the southwestern basin (Figure 18). These areas of high soil-copper contents are interpreted to be reflections of copper-rich zones within more extensive zinc-rich sulphide accumulations.

The distribution of anomalous soil-silver concentrations is similar to those of soil-copper (Figures 19 and 22). It is assumed that most silver is associated with galena in the sulphide mineralization on the property area. Thus, it is assumed that the distribution of anomalous soil-silver concentrations reflect lead-rich parts of sulphide bodies. Anomalous soil-silver contents have been used in conjunction with anomalous and subanomalous soil-zinc concentrations to define thick areas “basins” of sulphide deposition in the 2010 Signal grid area (Figure 18). Sub-anomalous soil-silver distributions are less diagnostic because of the extreme mobility of silver in soils (Figure 22). On slopes of less that 10° in the northern part of the grid-area, sub-anomalous soil-silver is concentrated in low-lying areas. On the steeper slopes in the property's southeastern part, silver has been flushed from soils leaving intense local anomalies surrounded by apparently barren areas.

The distributions of lead and arsenic in soils are not very useful for defining the locations of sulphide mineralization due to their mobility in soil profiles (Figures 20 and 23). Although significant lead and arsenic anomalies co-inside with other anomalies in the southeastern basin-area (Figures 18, 20, and 23) those anomalies can not be readily distinguished from anomalies due to illuviation and attraction to organic soil profiles in swamps in other parts of the grid-area without independent verification from soil-copper or soil-zinc anomalies.



NOTE: This figure is adapted from Ostler, John; 2011: Figure 16.

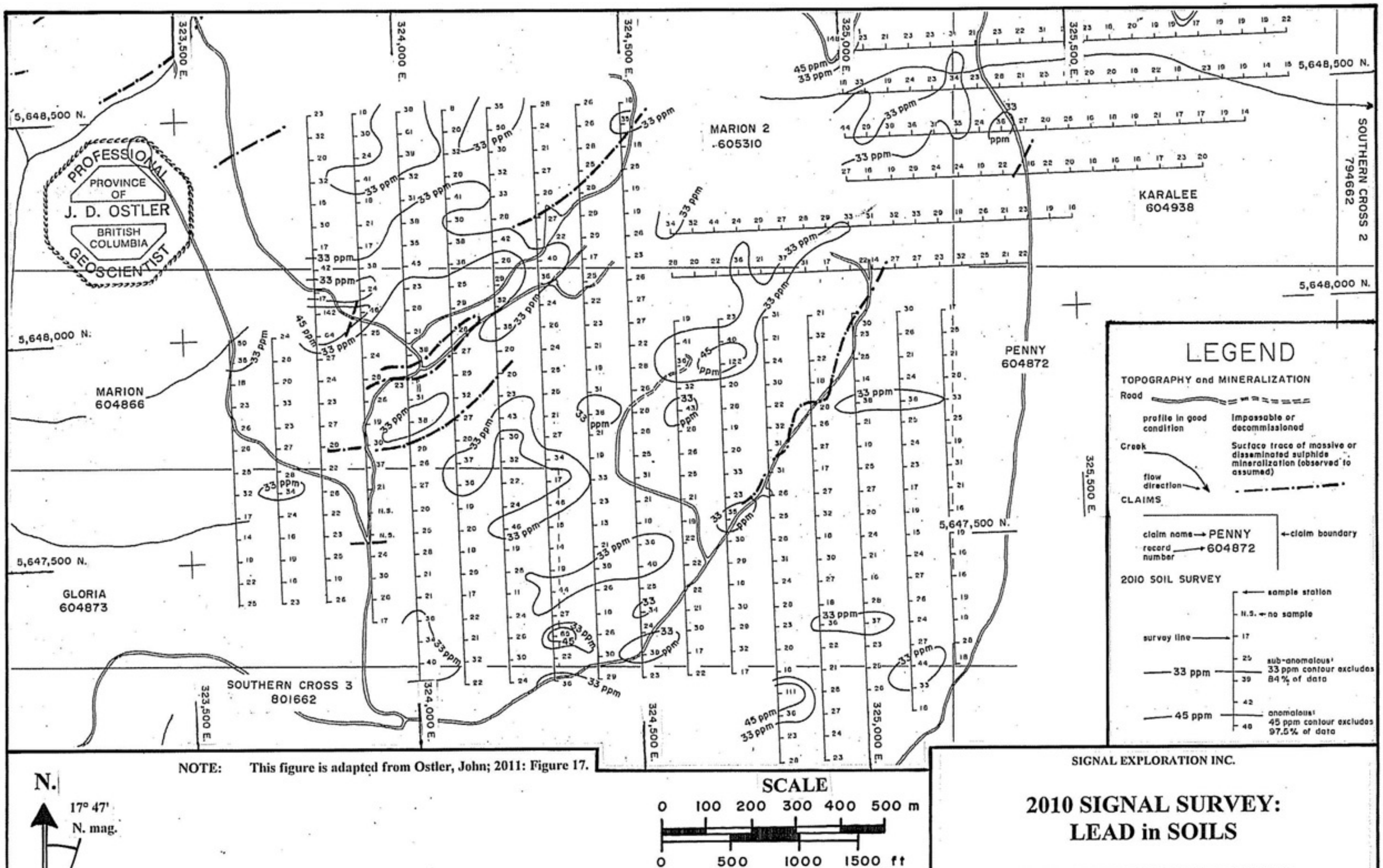
CASSIAR EAST YUKON EXP. LTD.

Figure 19

SIGNAL EXPLORATION INC.

2010 SIGNAL SURVEY:
COPPER in SOILS

SCOTCH CREEK PROPERTY
50° 57' 15" N., 119° 29' 26" W.
U.T.M.: 5,647,460 N., 324,480 E.
N.T.S.: 82 L/13 +L/14, KAMLOOPS M.D., B.C.
JOHN OSTLER; M.Sc, P.Geo. MARCH, 2011



NOTE: This figure is adapted from Ostler, John; 2011: Figure 17.

Figure 20

CASSIAR EAST YUKON EXP. LTD.

SIGNAL EXPLORATION INC.

2010 SIGNAL SURVEY: LEAD in SOILS

SCOTCH CREEK PROPERTY
50° 57' 15" N., 119° 29' 26" W.
U.T.M.: 5,647,460 N., 324,480 E.
N.T.S.: 82 L/13 +L/14, KAMLOOPS M.D., B.C.
JOHN OSTLER; M.Sc, P.Geo. MARCH, 2011

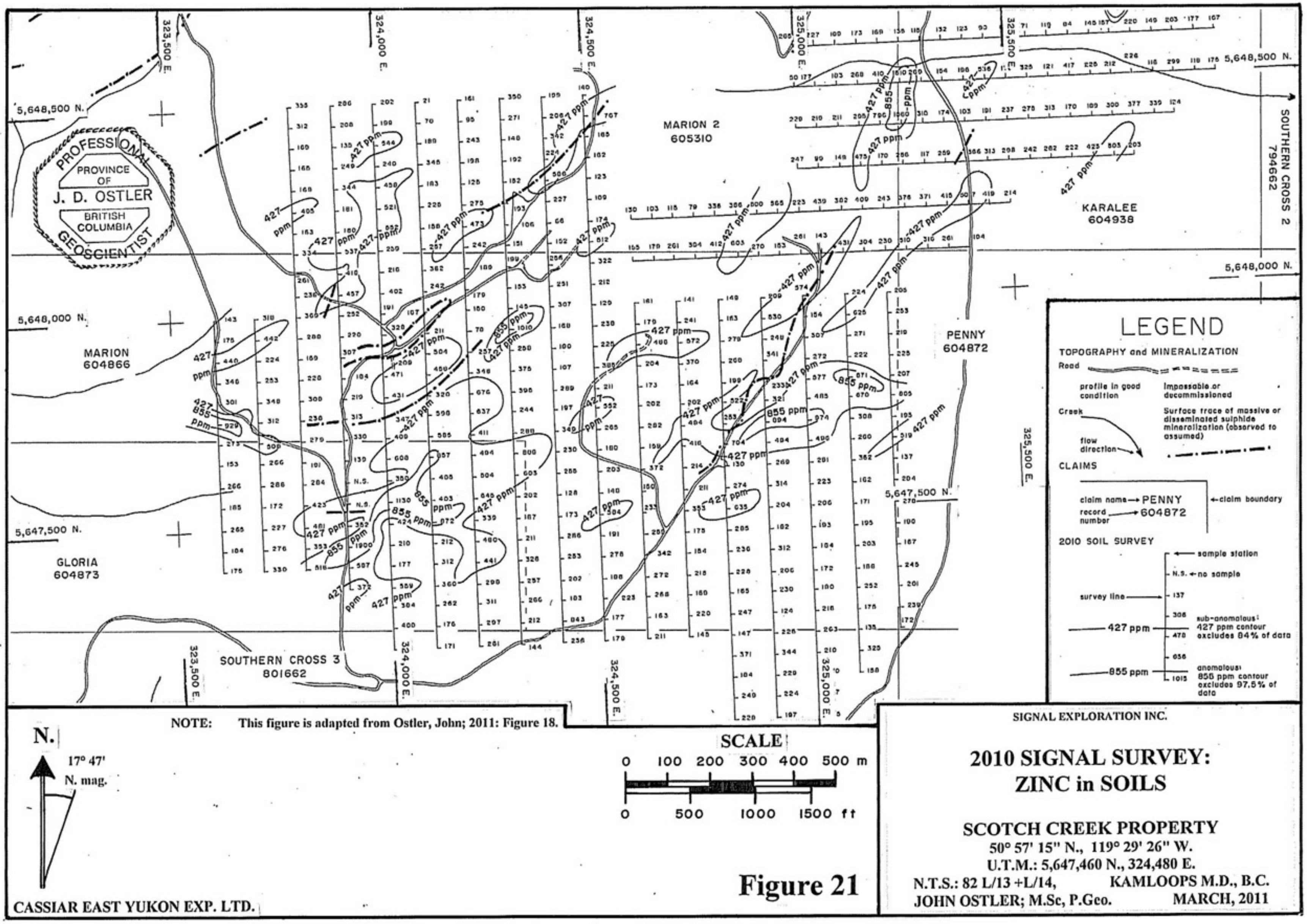

SOUTHERN CROSS 2
794662
MARION 2
605310
KARALEE
604938
PENNY
604872
MARION
604866
GLORIA
604873
SOUTHERN CROSS 3
801662
5,648,500 N.
5,648,000 N.
5,647,500 N.
323,500 E.
324,000 E.
324,500 E.
325,000 E.
325,500 E.
PROFESSIONAL GEOSCIENTIST
PROVINCE OF
J. D. OSTLER
BRITISH COLUMBIA
LEGEND
TOPOGRAPHY and MINERALIZATION
Road
profile in good condition
impassable or decommissioned
Creek
flow direction
Surface trace of massive or disseminated sulphide mineralization (observed to assumed)
CLAIMS
claim name → PENNY
record number → 604872
← claim boundary
2010 SOIL SURVEY
← sample station
N.S. ← no sample
survey line
427 ppm
sub-anomalous: 427 ppm contour excludes 84% of data
855 ppm
anomalous: 855 ppm contour excludes 97.5% of data
NOTE: This figure is adapted from Ostler, John; 2011: Figure 18.
N.
17° 47'
N. mag.
SCALE
0 100 200 300 400 500 m
0 500 1000 1500 ft
CASSIAR EAST YUKON EXP. LTD.
SIGNAL EXPLORATION INC.
2010 SIGNAL SURVEY:
ZINC in SOILS
SCOTCH CREEK PROPERTY
50° 57' 15" N., 119° 29' 26" W.
U.T.M.: 5,647,460 N., 324,480 E.
N.T.S.: 82 L/13 +L/14, KAMLOOPS M.D., B.C.
JOHN OSTLER; M.Sc, P.Geo. MARCH, 2011

Figure 21

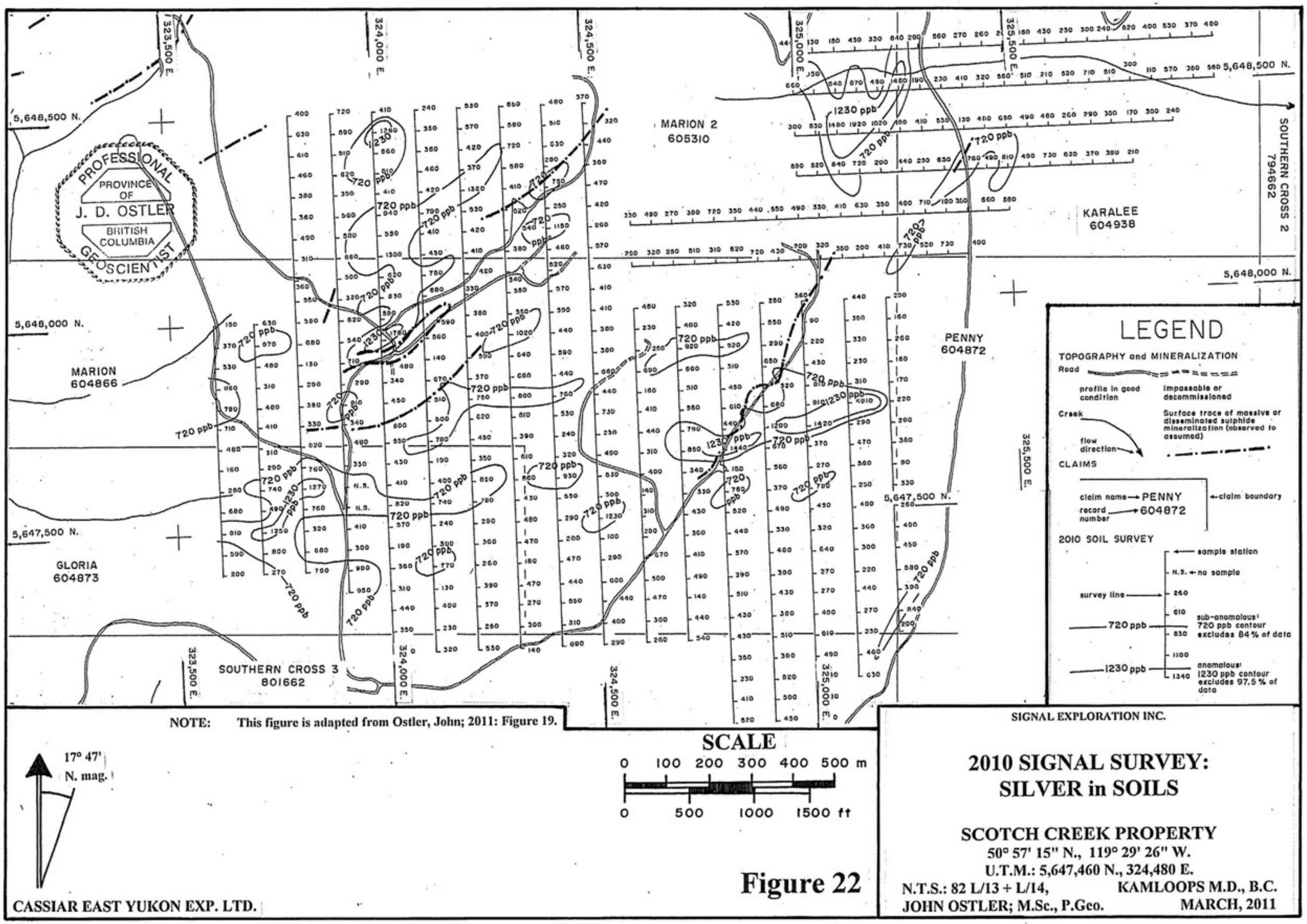
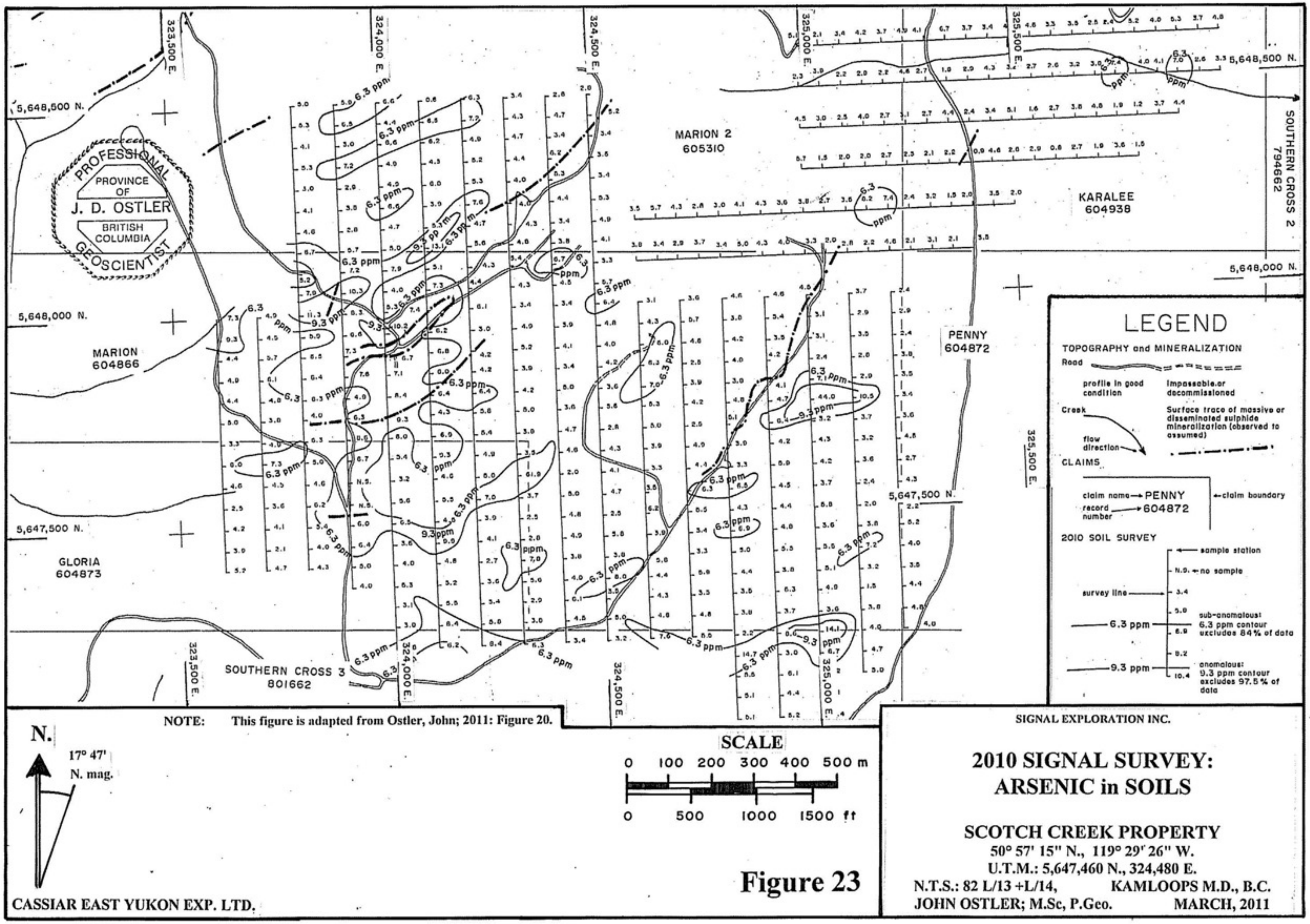

MARION 2
605310
KARALEE
604938
SOUTHERN CROSS 2
794662
PENNY
604872
MARION
604866
GLORIA
604873
SOUTHERN CROSS 3
801662
5,648,500 N.
5,648,000 N.
5,647,500 N.
323,500 E.
324,000 E.
324,500 E.
325,000 E.
325,500 E.
PROFESSIONAL GEOSCIENTIST
PROVINCE OF BRITISH COLUMBIA
J. D. OSTLER
1230 ppb
720 ppb
LEGEND
TOPOGRAPHY and MINERALIZATION
Road
profile in good condition
impassable or decommissioned
Creek
flow direction
Surface trace of massive or disseminated sulphide mineralization (observed to assumed)
CLAIMS
claim name → PENNY
record number → 604872
← claim boundary
2010 SOIL SURVEY
← sample station
N.S. ← no sample
survey line
sub-anomalous: 720 ppb contour excludes 84 % of data
anomalous: 1230 ppb contour excludes 97.5 % of data
NOTE: This figure is adapted from Ostler, John; 2011: Figure 19.
17° 47'
N. mag.
SCALE
0 100 200 300 400 500 m
0 500 1000 1500 ft
CASSIAR EAST YUKON EXP. LTD.
SIGNAL EXPLORATION INC.
2010 SIGNAL SURVEY:
SILVER in SOILS
SCOTCH CREEK PROPERTY
50° 57' 15" N., 119° 29' 26" W.
U.T.M.: 5,647,460 N., 324,480 E.
N.T.S.: 82 L/13 + L/14,
KAMLOOPS M.D., B.C.
JOHN OSTLER; M.Sc., P.Geo.
MARCH, 2011

Figure 22



MARION 2
605310
KARALEE
604938
SOUTHERN CROSS 2
794662
PENNY
604872
MARION
604866
GLORIA
604873
SOUTHERN CROSS 3
801662
PROFESSIONAL GEOSCIENTIST
PROVINCE OF BRITISH COLUMBIA
J. D. OSTLER
5,648,500 N.
5,648,000 N.
5,647,500 N.
323,500 E.
324,000 E.
324,500 E.
325,000 E.
325,500 E.
LEGEND
TOPOGRAPHY and MINERALIZATION
Road
profile in good condition
impassable or decommissioned
Creek
flow direction
Surface trace of massive or disseminated sulphide mineralization (observed to assumed)
CLAIMS
claim name → PENNY
record number → 604872
← claim boundary
2010 SOIL SURVEY
← sample station
N.S. ← no sample
survey line
6.3 ppm
sub-anomalous: 6.3 ppm contour excludes 84 % of data
9.3 ppm
anomalous: 9.3 ppm contour excludes 97.5 % of data
NOTE: This figure is adapted from Ostler, John; 2011: Figure 20.
N.
17° 47'
N. mag.
SCALE
0 100 200 300 400 500 m
0 500 1000 1500 ft
CASSIAR EAST YUKON EXP. LTD.
SIGNAL EXPLORATION INC.
2010 SIGNAL SURVEY:
ARSENIC in SOILS
SCOTCH CREEK PROPERTY
50° 57' 15" N., 119° 29' 26" W.
U.T.M.: 5,647,460 N., 324,480 E.
N.T.S.: 82 L/13 +L/14, KAMLOOPS M.D., B.C.
JOHN OSTLER; M.Sc, P.Geo. MARCH, 2011

Figure 23

Exploration Managers and Contractors

TABLE 9
Contractors for the Current (2010) Exploration Program

Contractor	*Activities*
Cassiar East Yukon Expediting Ltd. 1015 Clyde Avenue West Vancouver, British Columbia V7T 1E3 (604) 926-8454	Field work, research and reporting
A.L.S. Canada Ltd. 2103 Dollarton Highway North Vancouver, British Columbia V7H 0A7 (604) 984-0221	Assay and analysis of rocks and soil samples
Arcprint and Imaging 4305 Dawson Street Burnaby, BC V5C 4B4 (604) 293-0029	Scale changes, scans and copy of maps, figures and text

Cassiar East Yukon is a private exploration service company owned by the author. A.L.S. Canada Ltd. is part of an international laboratory group that does contract work for a variety of industries. Arcprint and Imaging is a privately owned photocopy and print company that has no specific orientation toward the mineral exploration industry. None of these three contractors have any interest in the Scotch Creek property or in the securities of Signal Exploration Inc. All are independent of Signal Exploration Inc. as defined by Part 1.5 of National Instrument 43-101. All of the current (2010) exploration was funded by Signal Exploration Inc.

Drilling

No drilling was conducted during the current (2010) exploration program.

Sampling Method and Approach

A total of 481 soil samples were taken from illuviated ‘B’ horizons and put into un-dyed kraft paper bags. For parameters of the 2010 soil grid and sampling density, see section 5.2 of this report. Generally throughout the 2010 soil grid, a soil sample was taken at the centre of a 100 X 50-m (328 X 656-ft) rectangle.

The author considers that sampling density to be appropriate at the current stage of exploration. Samples were dried for up to two weeks in the crew cabin prior to being trucked to ALS Canada Ltd. in North Vancouver, B.C. The consistency among the results of the current (2010) soil survey and those of previous soil surveys indicates to the author that the 2010 sampling crew did not “salt” the 2010 soil samples.

A total of 42 samples of mineralization (Table 7) were taken by the author and locked in plastic bags that were kept under the author’s exclusive control until they were delivered to ALS Canada Ltd. in North Vancouver, B.C. A combination of chip, composite chip, grab, and composite grab samples were taken to establish the existence of sulphide mineralization within a specific stratigraphic interval at locations throughout the property-area. At the current stage of exploration, knowledge regarding details of thickness and mineral tenor are insufficiently defined to justify the detailed sampling protocols that are normally employed to convert indicated and measured resources into reserves. The author considered such protocols as the taking of multiple samples and conducting analysis at several laboratories to be an unjustified waste of both funds and energy at the current stage of exploration on the Scotch Creek property.

There is significant variation among the rock-sample results from the Scotch Creek property. The author opines that this variance is due primarily to local variations in mineral concentration that are largely unexposed. When a greater amount of the sulphide-bearing stratigraphic interval is exposed and sampled, the population of samples will increase and more closely reflect the distribution and tenor of sulphide mineralization throughout that rock unit. Also, it should be remembered that the current stage of exploration at the Scotch Creek property, a few high assay results from a few small mineral showings is of little importance compared with the task of locating the thickest and richest accumulations of massive sulphide mineralization throughout the property-area.

Sample Preparation, Analysis, and Security

No aspect of sample preparation of samples from the current (2010) exploration program was conducted by and employee, officer, director, or associate of Signal Exploration Inc, "the issuer". The 481 soil samples were transported by the author to ALS Canada Ltd. in North Vancouver, B.C.

At the lab, samples were dried, weighed, then crushed until 70% of their mass would pass through a < 2 mm screen. Crushed samples were split in a riffle splitter, then pulverized so that 85% of it passed through a 180-um screen. Sample splits were analyzed using ALS Chemex Code ME-ICP61analysis: 15-gram samples were digested in 90 ml of aqua regia at 95° C. for 1 hour, diluted to 300 ml, and analyzed for 48 elements using Induced Coupled Plasma(ICP) method ME-MS61 and Atomic Emission Spectrometry (ICP-AES) method (ALS Chemex Code OG62). Samples with over-limit metal concentrations were subjected to four-acid digestion and analyzed by fire assay. Gold concentrations in samples were determined by assay and atomic absorption techniques (ALS Chemex Code AA025).

A total of 42 samples of mineralization (Table 7) were dried, weighed, then crushed until 70% of their mass would pass through a < 2 mm screen. Crushed samples were split in a riffle splitter, then pulverized so that 85% of it passed through a 75-um screen. Sample splits were analyzed using ALS Chemex Code MEICP61analysis: 15-gram samples were digested in 90 ml of aqua regia at 95° C. for 1 hour, diluted to 300 ml, and analyzed for 48 elements using Induced Coupled Plasma(ICP) method ME-MS61 and Atomic Emission Spectrometry (ICP-AES) method (ALS Chemex Code OG62). Samples with over-limit metal concentrations were subjected to four-acid digestion and re-analyzed by atomic absorption and fire assay: Pb-AA62, Zn-AA62 and Au-AA25.

The A.L.S. lab did not report periodic re-analyses or comparisons with standards in the certificates of assay and analysis. The analysis of one rock was deemed to be questionable by the assayers. It was reanalyzed; the results of the two analyses were similar.

The samples were analyzed at the ALS Chemex laboratory at 2,103 Dollarton Highway in North Vancouver, British Columbia, the Minerals Division of the ALS Laboratory Group. ALS Chemex is accredited under ISO 9001:2000 (No. 0007629) and ISO 17,025. It is independent of Signal Exploration Inc., as defined in Part 1.4 of National Instrument 43-101. The author is confident that the rock and soil samples from the current (2010) exploration program have been processed at that laboratory in a proper and secure manner, and that the results of the analyses of those samples as reported by ALS Chemex are true and accurate.

DATA VERIFICATION

All available data from both the current (2010) and past exploration programs has been reviewed by the author who is the Qualified Person for the Scotch Creek project as described in Part 1.1 of National Instrument 43-101.

All of the current (2010) exploration program was personally conducted or supervised by the author. The goal of that program was to establish the location of mineralization and its relation to volcanic stratigraphy and not the conversion of mineral resources into reserves. The author had confidence in the current (2010) data and was of the opinion that collecting it once was sufficient.

Much of the historic exploration results were not filed for assessment credit and thus were not entered into the public record. Fortunately, some of those results survived in the files of Discovery Consultants Ltd. of Vernon, British Columbia. The author is grateful for the opportunity to view those files.

K.L. Daughtry (1986) reported that in 1970, the Shuswap Syndicate conducted a silt-geochemical and prospecting program that resulted in the discovery of massive and disseminated sulphide mineralization on Nikwikwaia and Corning creeks. The most notable mineral occurrence was a 0.91-tonne (1-ton) boulder of massive sulphide from which a grab sample contained greater than 10% copper. No reports from that program are available to the author. However, the location of the massive sulphide boulder is recorded on a 1971 geological map produced by Derry, Michener and Booth presumably for the Shuswap Syndicate. The estimated location of the boulder is recorded in Table 3 of this report.

From 1970 to 1972, the Shuswap syndicate staked 177 claims and conducted geological mapping, soil and ground magnetic surveys over a broad area that included the current Scotch Creek property-area (Figures 4N and 4S). Three progress reports dated from 1970 to 1972 written by K.L. Daughtry for the Shuswap Syndicate and for Derry, Michener and Booth Ltd. were listed in the references of K.L. Daughtry (1986). Those reports were not available to the author. However, he was able to gain possession of 1:9,600-scale ground-magnetic, soil-copper, soil-zinc, and geological maps recording some of the 1971 work from the Discovery Consultants property file.

Data from the ground magnetic survey was not corrected for diurnal variation in the solar flux.

Consequently, differences in recorded magnetic intensities due to diurnal variations were far greater than those generated by differences in the magnetism of local stratigraphy over most of the grid, rendering that data of little use. The 450-m (1,476-ft) line spacings were so great that neither magnetic nor soil geochemical data could be contoured among them with any confidence. However, areas of high soil-copper and zinc concentrations crossed by the 1971 lines corresponded with those areas with high soil-metal concentrations as identified by subsequent surveys.

The 1971 geological mapping crew seems to have focused on major creek gullies and locations where outcrops had been reported by the soil-survey crew (Figures 4N and 4S). Although the mappers diligently recorded the metamorphic minerals that they saw in outcrop, they did not “see” through the metamorphism to discern original stratigraphy. Consequently, their interpretations were inconsistent and not very useful. For example, coarse-grained crystal tuffs were described as anything from quartz-diorite gneiss to quartz-eye greywacke. However, their observations were consistent, and upon re-mapping some of their mapping stations, the author could translate most of their rock descriptions into either volcanic or sedimentary rock types (Figures 5E, 5C, 5W, 17N, and 17S) (Section 3.3, this report). The most obvious planar attitude of each outcrop was recorded as a cleavage; no structural interpretation was attempted.

The author is of the opinion that a combination of uncorrected magnetic data, sparse soil data, and a lack of understanding of the structural geology and pre-metamorphic stratigraphy of the area by the 1971 exploration crew resulted in the simplistic assumption that mineralization was hosted in a monoclonal succession of schists and phyllites that had and east-west strike and a northerly dip (Figure 6). That fallacious assumption misguided exploration for the next 15 years.

From August 29 to September 29, 1971 Derry, Michener and Booth Ltd. conducted a drill program for the Shuswap Syndicate. A total of 622.4 m (2,042 ft) of BQ drilling was done. Holes 71-1 and 71-2 were drilled in the eastern part of the current MARION (604866) claim (Figures 4S and 5C). Holes 71-3 to 71-5 were drilled up hill from the Acid Creek adits and on the current SOUTHERN CROSS 1 (794642) claim (Figure 5E). Although the author has seen no reports of the 1971 drilling, he did find a copy of the original drill logs in the Discovery Consultants property file. Rock types were logged by the metamorphic minerals present.

No structural or structural interpretations were present. Although no certificates of analysis or assay were present, results of analyses of higher-grade sections were recorded in the logs (Table 4). The author estimated drill hole locations from pencil additions to the 1971 geological map (Figures 5E and 5C) (Table 4). The author has seen no core from this drilling. Results of the 1971 Derry, Michener and Booth drilling were not confirmed.

By 1976, some of the current Scotch Creek property-area was covered by the SC claim group. That group was owned by Brican Resources Ltd. which optioned it to Craigmont Mines Ltd. Craigmont commissioned an airborne DIGHEM survey of an extensive area that included the 1976-era SC claim group (Fraser, 1976). No report of that survey was available to the author, thus the results of it remain unknown to the author.

K.L. Daughtry and A. Wynne (1987) reported that soil geochemical, magnetometer, and very low frequency, electromagnetic surveys were conducted over the whole grid area. The results of the soil survey were filed for assessment credit by N.B. Vollo (1977B). No reports of the 1977 Craigmont geophysical surveys are known to the author.

A soil-copper anomaly generally co-incident with the 1971 main geophysical anomaly was located in the southern part of the 1977 grid on the eastern parts of the current MARION (604866) and GLORIA (604873) claims (Figure 7). Other anomalies occurred across the two previously mentioned claims as well as in the southern part of the current MARION 2 (605310) claim (Figures 7 and 8). The patterns of both the 1977 soil-copper and lead anomalies were similar to those from the current (2010) Signal soil survey (Figures 19 and 20). Thus results from the two surveys are mutually confirmatory.

Although the trace of the main 1971 geophysical anomaly could be interpreted to have been expressed in soil-zinc anomalies across the southern part of the 1977 soil grid-area (Figures 6 and 9) the anomalies are weak and not very indicative of local zinc mineralization. By comparison, the soil-zinc anomalies from the current (2010) survey are quite intense and much more useful in determining the locations of zinc enrichment (Figures 18 and 21). Obviously the amount of zinc in those soil profiles has not changed significantly from 1977 to 2010. The author is of the opinion that the difference in the results of the two soil surveys is due to recent improvements in lab techniques, most notably to the development of the ICP (induced coupled plasma) technique.

From May 16 to June 10, 1977, Craigmont conducted a diamond drill program of 509 m (1,669.9 ft) of BQ core drilled in four holes. Holes SC-1 and SC-2 were drilled north of the road that extends along the slope crest in the eastern part of the current MARION (604866) claim (Figures 4S and 5C). Drill hole SC-3was drilled down hill from the road at a location about 190 m (623.4 ft) east-northeast of hole SC-1. Drill hole SC-3 penetrated the most intense part of the 1971 geophysical anomaly (Figure 6). Drill hole SC-4 was drilled beneath the 671 road in the eastern part of the current GLORIA (604873) claim. SC-4 tested what was perceived to be the western extension of a single east west trending anomaly (Daughtry and Wynne, 1987) (Figure 6).

The log of drill hole SC-2 without assays was filed for assessment by N.B. Vollo (1977A). The author found the original drill logs and K.L. Daughtry's notes on this drilling in the Discovery Consultants property file. The author suspects that this drilling was reported upon by K.L. Daughtry in 1978 to Brican Resources. That report is not available to the author. The drill logs from 1977 were as sketchy as those from the 1971 drilling. Rock units were described by metamorphic minerals, structural interpretations were minimal, and they contained no certificates or other records of analyses. The author found sampling summaries from those drill holes among K.L. Daughtry's notes (Table 4). No core from this drilling is known to exist. The results of the 1977 Craigmont drilling could not be confirmed.

Esso Resources Canada Ltd. optioned the SCOTCH property from Brican in March, 1979 and conducted further ground magnetometer and electromagnetic Max Min (horizontal loop) surveys (Wilson, 1979) (Figure 10). The electromagnetic anomalies from that survey were weak and inconclusive. D.L. Daughtry and A. Wynne (1987) wrote, "This work confirmed the presence of strong magnetic anomalies with significant apparent displacement from the location defined by Craigmont." The author agrees that the magnetic anomalies from the 1979 Esso survey more closely resemble those of the 1977 and 2010 soil surveys (Figures 6 to 9, and 18 to 23) than they do the 1971 main geophysical anomaly as assumed by the Shuswap Syndicate (Figure 6). The similarities of the results of the 1977, 1979 and 2010 surveys provides some mutual confirmation of those results.

Esso drilled hole 79-3 on the 671 road in the central part of the current MARION (604866) claim. That 125.3-m (411.1-ft) long hole tested one of the 1979 conductors (Stewart, 1979). In his log, Alfred Stewart reported short intervals of disseminated sulphide mineralization. No sampling results were included in his assessment report.

Alfred Stewart was the first core logger working in the property-area who was able to see through the effects of metamorphism to discern the original sedimentary and volcanic stratigraphy in the drill core. Unfortunately, he did not conduct a geological mapping project in the area. The author did not encounter any core from the 1979 Esso drill hole and cannot confirm the results from that drilling.

In 1983, Esso sent J.M. Marr (1984) to the Scotch Creek area to conduct some geological mapping, rock and silt sampling (Figures 4N and 4S). The author re-visited some of Marr's outcrops and he estimates that Marr spent three days on the project. Marr's mapping results are about the same as those recorded on the 1971 Derry, Michener and Booth maps and are of little use (Figure 11).

Brican Resources Ltd. conducted a hand and backhoe trenching program. Although no report of that trenching was available to the author, he did find K.L. Daughtry's notes about that program in the Discovery Consultants property file. A total volume of 146.2 m^3 (5,129.5 ft^3 or 193.5 yd^3) of work seems to have been done (Table 5). Daughtry recorded that there were 10 trenches in all, but he did not record their locations. Several hand and backhoe trenches of the right age that occur along the logging road across the northeastern MARION (604866) claim are assumed by the author to be most of the trenches of the 1985 Brican program. That work could not be confirmed.

In 1986, Brican Resources Ltd. cut a grid over the area surrounding the location of drill hole SC-3 in the eastern part of the current MARION (604866) claim (Figure 4S). The grid covered 7.5 ha (18.5 A) of which 6.0 ha (14.8 A) was covered by a magnetic survey (Daughtry, 1986). Later that summer, the grid was expanded to comprise 4.2 km (2.56 mi) (Daughtry and Wynne, 1987). The ground magnetic survey was re-done (Figure 12). Also a MAX-MIN horizontal-loop, electromagnetic survey was conducted over the whole expanded grid (Figure 13). A gravity survey conducted along line 4 + 00 E, resulted in the production of a single gravity profile (Figure 14).

The pattern resulting from the second 1986 Brican magnetic survey was typical of one derived from a complexly folded mineralized unit. Although less definitive than the 1986 magnetic data, the results of the electromagnetic survey are similar (Figures 12 and 13). The southern end of Line 4+00 E of the 1986 Brican grid is on probably the thickest part of a pro-glacial debris flow.

Debris-flow thickness decreases to nil where the line crosses the road at the slope crest at about 1+60 N. A 20 to 30-cm (0.6 to 1-ft) thick layer of disseminated to massive sulphide mineralization is exposed along the northwestern margin of the road (Figures 14 and 5C). These features are deemed to be largely responsible for generally increasing gravity intensity from south to north along the line. Two gravity highs, occurring at about 2+20 S and 0+00 S are close to magnetic anomalies and may be related to local sulphide mineralization (Figures 12 and 14).

The results of the 1986 Brican surveys are consistent with para-glacial geomorphological features on the ground and with the results of the 1979 geophysical as well as 1977 and 2010 soil surveys. Thus, the results of all of these surveys are mutually confirmatory. The results of all of the previously listed surveys were accommodated in the author's estimate of the location of the sulphide-bearing stratigraphic interval (Figure 18).

From January 23 to February 25, 1988, Brican Resources Ltd. conducted a program that resulted in the drilling of a total of 1,220.4 m (4,003.9 ft) of NQ core in 6 holes (Figures 5C and 5W) (Table 4). Drill holes 294-1 to 294-3 were drilled into the 1986 Brican grid-area in the eastern part of the current MARION (604866) claim. Drill hole 294-3 was located on the road along the ridge crest in the northeastern part of the 1986 Brican grid. It tested an northeastward strike extension of the mineralized rock intersected in hole SC-3 that was drilled in 1977. Hole 294-3 had four significantly mineralized intersections (Table 4) and confirmed that there was some extent to the sulphide mineralization that was intersected in drill hole SC-3.

Drill holes 294-5 and 294-6 were located on coincident soil-geochemical and co-incident geophysical anomalies that had been identified by 1971 to 1979 surveys between the main and eastern branches of Corning Creek. Hole 294-5 was drilled on the current MARION (604866) claim near its western boundary (Figures 4S and 5W). Base-metal intersections in those two drill holes confirmed the soil-lead anomaly into which they were drilled.

The 1988 Brican drilling was filed for assessment credit (Kyba, 1988). Like in most of the other logs, little attempt was made to see through metamorphism to record original stratigraphy. Although certificates of analysis did not accompany the logs, results of the sampling of intersections with comparatively high metal contents were included with the logs. The author has seen no core from the 1988 Brican drill program and cannot confirm those results.

Bruce Squinas, Joseph Lawrence and two associates conducted a prospecting program in the property area from April 17 to 22, 2010 (Squinas with Ostler, 2010). The prospectors found indications of three occurrences of Noranda/Kuroko-type sulphide mineralization and one occurrence of pegmatite fault-related mineralization. Subsequently, those four mineral occurrences were confirmed in person by the author in the presence of Bruce Squinas.

The author personally conducted or supervised all of the current (2010) exploration on the Scotch Creek property and filed the results in a recent assessment report (Ostler, 2011). The author personally designed Figures 1 to 5W, and 17N to 23; all which are related to the results of current (2010) exploration.

ADJACENT PROPERTIES

No development on any adjacent property affects the potential of the Scotch Creek property.

Mineral Processing and Metallurgical Testing
Mineral Resource and Reserve Estimates

No mineral processing and metallurgical testing conducted on samples from the Scotch Creek property area are known to the author.

No current mineral resource or mineral reserve estimates from the Scotch Creek property area are known to the author.

OTHER RELEVANT DATA AND INFORMATION

There are no unusual or unique circumstances or facts affecting the ownership, or potential to develop the Scotch Creek property.

REPORTING REQUIREMENTS FOR DEVELOPMENT AND PRODUCTION PROPERTIES

The Scotch Creek property is an early-stage exploration property on which no current mineral resources or mineral reserves have been quantified. Reporting requirements for development and production properties contained within National Instrument 43-101 are not applicable to this report.

Interpretation and Conclusions

At the commencement of the current (2010) exploration program, Noranda/Kuroko-type massive sulphide mineralization had been identified on the Scotch Creek property. However, previous explorers had not understood the original volcanic and sedimentary stratigraphy and its subsequent deformation. That lack of understanding precluded them from predicting the location and extent of such syngenetic mineralization.

Discerning the relation of mineralization to the stratigraphy and structure of the rocks on the Scotch Creek property was the goal of the current (2010) exploration program. The goal was attained and the program was successful.

Current (2010) geologic mapping has revealed that the metasedimentary and metavolcanic rocks in the Scotch Creek property-area are an upright succession that represent various coeval facies resulting from two concurrent eruptions into a shallow marine basin. The eruption responsible for the greatest deposition of volcanic material in the current property-area emanated from a vent-area north of it. That eruption produced rhyolitic to dacitic pyroclastic rock that is barren of mineralization. A secondary eruption from a vent-area located east-northeast of the current property was more trachytic in composition and was responsible for the Noranda/Kuroko-type mineralization exposed in the property-area.

Noranda/Kuroko-type massive and disseminated mineralization was deposited in a single stratigraphic interval hosted in chloritic ash and fine-grained crystal tuff during a lull in the east-northeasterly eruption. It is located about 30 m (98.4 ft) stratigraphically above the upper contact of a distinctively blue-grey-weathering, trachytic ash tuff. Consequently, the general location of mineralization is easy to predict on the ground in areas of significant rock outcrop.

On the open palaeo-sea-floor, sulphide deposition is about 25 cm (0.82 ft) thick. Where sulphidebearing brines have pooled in low areas "basins", massive sulphide thicknesses are in excess of 1 m (3.05 ft). Maximum massive sulphide thickness remains unknown due to sparse outcrop and drill data. Four "basins" have been identified in the southern part of the property-area by current work augmented previous survey results and by old drill data. Stratigraphy has been folded twice which may have resulted in significant flow and thickening of sulphide mineralization in fold-hinge areas.

Current (2010) soil survey results indicate that sulphide mineralization is zoned with regard to copper and zinc contents in the southeastern part of the property-area. Of particular interest, are copper-rich areas within the northeastern and southeastern basins, and with a lesser intensity in the southwestern basin. These areas of high soil-copper contents are interpreted to be reflections of copper-rich zones within more extensive zinc-rich sulphide accumulations. Areas of anomalous soil-silver concentrations within soil-zinc anomalies are deemed to represent zones of high lead and silver concentration in sulphide accumulations assuming that most silver is associated with galena (PbS).

Thrust faulting after the second phase of folding has cut outcrop into extensive panels resulting in the repetition of stratigraphy and the semblance of numerous sulphide-bearing horizons across the property-area.

At present, exploration data from the Scotch Creek property is sufficient for the general location of the near-surface trace of the mineralized horizon to be located throughout most of the property-area. It is not sufficient to calculate maximum true thicknesses or the average tenor of mineralization. Those calculations require more detailed exploration.

The 2010 soil samples were taken at 50-m (164-ft) spacings along lines spaced 100 m (328 ft) apart.
The density of that data was sufficient to predict the near-surface trace of mineralization within 50 m (164 ft). Local soil grids with much closer sample spacings would be appropriate in designing trenching programs in drift-covered areas.

A combination of chip, composite chip, grab, and composite grab samples were taken to establish the existence of sulphide mineralization within a specific stratigraphic interval at rock outcrops throughout the property-area. The author deems that such sampling was sufficient for that purpose.

The author personally conducted all of the current geological mapping on the Scotch Creek property at a scale of 1:5,000. He is confident in the reliability of that mapping at that scale. Currently, the relationship of sulphide mineralization and the rocks which host it is understood sufficiently to predict its near-surface trace over much of the Scotch Creek property. Uncertainty concerning the thickness and tenor of that mineralization remains. Thus, further exploration is recommended.

Recommendations

It is recommended that a two-phase work program be conducted in the south-central part of the Scotch Creek property.

The first phase should include geological mapping and prospecting in conjunction with line cutting, electromagnetic, magnetic, and 3-dimensional, induced polarization surveys conducted over the area of the 2010 grid west of the eastern boundaries of the MARION (604866) and MARION 2 (605310) claims. The new grid would require the cutting out of about 26 km (15.9 mi) of north-south survey lines mostly following the 2010 grid lines. Also, 3.0 km (1.8 mi) of logging road should be brushed out to facilitate generator and cable access. The 2010 grid should be extended and soil-sampled to the west of the northwestern “basin” and in the area of the northeastern “basin”.
If reasonable encouragement is generated by the results of the recommended first phase program, then a second phase of work comprising 2,000 m (6,561 ft) of NQ or NT core should be drilled in the area of the geophysical grid comprising a series of moderately short holes of 100 to 200 m (328 to 656 ft) in length drilled in groups of 2 or 3 at four to five locations.

At present, the most prospective target-areas are on the slope in the eastern part of the MARION (604866) claim near the locations of Craigmont drill hole SC-3 and Brican drill hole 294-3, near the 671 road near Craigmont drill hole SC-4 on the GLORIA (604873), and east of Esso drill hole 79-3 on the MARION (604866) claim. However, information from the first phase program may reveal other areas of greater potential. Only core sections containing significant sulphide mineralization should be split and sampled. The author estimates that this would be contained in a total of 200 m (656 ft) of core.

Estimated costs of the two phases of the recommended work program are as follows:

Table 10
Estimated Cost of the Recommended First-phase Exploration Program

Item	**Cost**	**Accumulated cost**
Wages: 1 geologist/field manager Project management and field time; 33 days @ $500/day Data processing and reporting for assessment credit; 28 days @ $500/day 3 Geological technicians; 25 days @ $300/day each	 $ 16,500 $ 14,000 $ 22,500 $ 53,000	$ 53,000
Transport: 2 1-ton 4X4 pick-up trucks; 25 days @ $100/day each Gasoline and chain-saw fuel	 $ 5,000 $ 2,200 $ 7,200	$ 7,200
Camp and Crew Costs: Cabin rental; 4 weeks @ $1,000/week Survey and cutting supplies 2 chain saws; 25 days @ $25/day each Camp food and meals in transit; 108 man days @ $25/man day	 $ 4,000 $ 400 $ 1,250 $ 2,700 $ 8,350	$ 8,350
Communication Costs: Long distance telephone FM truck radio; 1 month @ $80/month	 $ 40 $ 80 $ 120	$ 120
Sample Analysis Costs: 20 rocks analyzed by ICP and fire assay @ $50/sample 100 soils analyzed by ICP @ $25/sample	 $ 1,000 $ 2,500 $ 3,500	$ 3,500
Electromagnetic, magnetic and 3-D induced polarization surveys: (Sub-contractor's all-in price) 26 km of surveyed line @ $5,000/km Data computation and geophysical report production costs	 $130,000 $ 12,000 $142,000	$ 142,000
Environmental Compliance and Office Costs: Environmental bond for line cutting Office expenses	 $ 5,000 $ 2,000 $ 7,000	$ 7,000
Itemized Cost of Recommended First-phase Program		**$ 221,170**
Harmonized goods and services tax (H.S.T.) (12% of previous items)		$ 26,540
Itemized Budget		**$ 247,710**
Contingency 10% of itemized budget		$ 24,771
Total estimated Cost of Recommended First-phase Program		**$ 272,481**

Table 11
Estimated Cost of the Recommended Second-phase Exploration Program

Item	Cost	Accumulated Cost
Direct Drilling Costs: 2,000 m of NQ or NT core drilling @ $120/m. . . . . (This in an all-in sub-contractor's price including such items as bits and hole control fluids) Drill, machinery and rod mobilization . . . . 350 wooden N core boxes + lids @ $20/box + lid	$ 240,000 $ 5,000 $ 7,000 $ 252,000	$ 252,000
Geological Wages: 1 geologist (agent for the client company for the purpose of shift reports) 28 days field time @ $500/day . . . . 28 days program management, data compilation, and reporting @ $500/day . . . . 1 geological technician 28 days @ $300/day	$ 14,000 $ 14,000 $ 8,400 $ 36,400	$ 36,400
Transport and Crew Costs for Geological Support and Management: 1-ton 4X4 pick-up truck; 28 days @ $100/day . . . . Gasoline	$ 2,800 $ 1,100 $ 3,900	$ 3,900
Camp and Crew Costs for Geological Support and Management: Cabin rental; 4 weeks @ $500/week . . . . Core splitter rental, splitting and sampling supplies . . . . 1 chain saw; 28 days @ $25/day each . . . . Camp food and meals in transit; 56 man days @ $25/man day	$ 2,000 $ 1,300 $ 700 $ 1,400 $ 5,400	$ 5,400
Communication Costs: Long distance telephone . . . . FM truck radio; 1 month @ $80/month	$ 60 $ 80 $ 140	$ 140
Assay and analysis Costs: 100 2-m core samples ICP + fire assay @ $50/sample	$ 5,000	$ 5,000
Office, Environmental and Compliance Costs: Environmental bond for drilling . . . . Office expenses	$ 10,000 $ 2,000 $ 12,000	$ 12,000
Itemized Cost of Recommended Second-phase Program		**$ 314,840**
Harmonized goods and services tax (H.S.T.) (12% of previous items)		$ 37,781
Itemized Budget		**$ 352,621**
Contingency 10% of itemized budget		$ 35,262
Total Estimated cost of Recommended Second-phase Program		**$ 387,883**

The estimated total cost of both phases of the recommended program is $660,364.

USE OF PROCEEDS

Available Funds

Upon completion of the Offering the Company will have estimated available funds of approximately $529,050 comprised of: (a) its estimated working capital as at October 30, 2011 of $20,100; and (b) the estimated net proceeds from the Offering of $508,950, before deducting the remaining expenses of the Offering, estimated to be $60,000.

Principal Purposes

The Company intends to use its available funds to continue with the exploration of the Scotch Creek Property and other activities related to the development of the property (as summarized, in part, under the heading *"Development of the Business - Material Mineral Projects - Exploration and Development Activities"* above), maintain a working capital reserve and for other general corporate purposes, including potential acquisitions.

Notwithstanding such intended allocation, the Company will ensure that the entire gross proceeds from the issuance of Flow-Through Shares, being a maximum of $250,000 will be used to incur CEE. The Company will incur such amount of CEE by December 31, 2012. See *"Description of Securities Being Distributed - Flow-Through Shares - Renunciation of CEE"* and *"Certain Canadian Federal Income Tax Considerations"*. Although the Company has not yet specifically allocated the manner in which the gross proceeds from the issuance of the Flow-Through Shares will be expended, it is expected that they will be used to incur CEE principally on the Scotch Creek Property as part of the 2011 exploration program (as summarized above under the heading *"Development of the Business - Material Mineral Projects - Exploration and Development Activities"*) and 2012 exploration program (which will be developed in conjunction with the completion of the 2011 work program).

Use of Funds	**Estimated Amount**
Estimated remaining expenses of the Offering (regulatory filing fees, Exchange fees, legal fees, auditor's fees, Agent's expenses, etc.):	$60,000
Completion of First-phase Exploration Program on the Scotch Creek Property (per the recommendations contained in Table 10 of in the Technical Report):	$247,710(1)
General and administrative expenses for the next 12 months:	$90,000(2)
Unallocated working capital to fund ongoing operations:	$131,340
TOTAL:	$529,050

(1) Refer to the full Technical Report for a breakdown of this figure. Table 10 also presents an additional 10% contingency inclusive figure of $272,481, however the total for the intended budget of Phase 1 is $247,710
(2) See "Use of Proceeds – Administrative Expenses' for a breakdown of this figure.

See "*Use of Proceeds*".

There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary in order for the Company to achieve its stated business objectives.

Pending expenditure, the Company intends to invest the available funds in short-term investment-grade items, such as money market instruments or treasury bills.

Administrative Expenses

The Company estimates its aggregate monthly administration costs for the first 12 months post-Offering to be approximately $7,500 per month or $90,000 in total. The estimated administrative expenses are broken down as follows:

Professional fees (Legal, Audit, Accounting)	$10,000
Consulting fees (Management and General Administration)	$48,000
Transfer agent fees	$10,000
Rent	$0
Office and secretarial services	$0
Regulatory fees	$10,000
Travel and accommodation	$4,000
Contingency	$8,000
TOTAL:	**$90,000**

Negative Operating Cash Flow

Since inception, the Company has had negative operating cash flow and incurred losses, including for the financial period ended December 31, 2010. The losses and negative operating cash flow are expected to continue for the foreseeable future as the Company does not expect to generate any revenue from its operations and will continue to incur the operating expenses necessary to carry out its operations such as the above-described administrative expenses. The Company cannot predict when it will reach positive operating cash flow, if ever.

Due to the expected continuation of negative operating cash flow, the Company expects that its operating expenses for the first 12 months post-Offering will be funded through a combination of its existing working capital and the net proceeds of the Offering.

Sufficiency of Available Funds

The Company estimates that its available funds upon completion of the Offering will be sufficient to fund the Company's operations for a period of not less than 12 months. The Company expects that the total operating costs necessary for the Company to achieve its stated business objectives (as outlined below) during this period of time will be approximately $397,710.

Business Objectives

The Company is primarily engaged in the acquisition of mineral resource properties in Canada and the exploration of such properties for minerals. The Company's business objectives for the near future will be commencing and completing the first-phase exploration program on the Scotch Creek Property recommended by the Technical Report (refer to *"Development of the Business - Material Mineral Projects - Exploration and Development Activities").*

Milestones

The Company expects to continue with exploration work on the Scotch Creek Property as expeditiously as possible upon completion of the Offering.

Subsequent to the completion of the Offering, the Company will complete phase one of the recommended exploration program and provided that phase one exploration results are positive, complete phase two of the recommended exploration program. The phase one exploration program consists of additional geological mapping, prospecting and soil sampling as well a electromagnetic and magnetic 3-D induced polarization survey. The additional geological mapping, prospecting and soil sampling will be conducted on parts of the Scotch Creek Property that, to date, has not been explored. The results of the additional geological mapping, prospecting and soil sampling will be used to identify additional areas for electromagnetic and magnetic 3-D induced polarization surveys.

The electromagnetic and magnetic 3-D induced polarization survey will be conducted to cover soil anomalies identified during the initial exploration of the Scotch Creek Property. The results of the electromagnetic and magnetic 3-D induced polarization survey will, if successful, identify drill targets for the second phase of the recommended exploration program. The Company intends to complete the phase one exploration in the second quarter of 2012. The timing of the phase is dictated by weather and historically the property has been clear of snow from the beginning of April to the end of October. It is expected that the exploration program recommended by the Technical Report will take approximately 1 month to complete following the commencement thereof, which is planned for October 2011.

The cost of this first phase is estimated to be $221,170, excluding HST and contingencies. The phase one exploration cost will be funded from proceeds of the Company's IPO.

The second phase of the exploration program consists of drilling and analyzing the drill results. The drill results will confirm the presence, if any, of metals as well as the quantity of metal present. The Company intends to complete the second phase of exploration in September or October of 2012. The timing of the second phase is dictated by the time required to analyze the results of electromagnetic and magnetic 3-D induced polarization survey as well as time required to apply for a drill permit.

The cost of this second phase is estimated to be $314,840, excluding HST and contingencies. The Company anticipates that phase two exploration cost will be funded from proceeds of post IPO brokered and non brokered private placement/s of the Company's common stock. The Company intends to raise approximately $500,000 to fund the second phase exploration program and general corporate overhead in early 2012. If the drill results obtained in phase two are positive the Company intends to do additional drilling on the property. The extent and cost of this additional drilling cannot be estimated at this time.

A description and breakdown of the estimated costs of the first-phase exploration program for the Scotch Creek Property is provided above under the heading *"Development of the Business - Material Mineral Projects - Exploration and Development Activities"*.

DIVIDENDS OR DISTRIBUTIONS

The Company has neither declared nor paid any dividends on its Shares. The Company intends to retain its earnings to finance growth and expand its operations and does not anticipate paying any dividends on its Shares in the foreseeable future.

The Company does not currently have a formal dividend policy and it is not expected that one will be implemented prior to the Company being able to generate revenues from operations.

Under the *Business Corporations Act* (British Columbia), the Company will be unable to declare or pay a dividend if there are reasonable grounds for believing that: (a) the Company is insolvent; or (b) the payment of the dividend would render the Company insolvent.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Description of Business and Overview of Operations and Financial condition

The following management's discussion and analysis should be read together with the audited financial statements for the period ended December 31, 2010 and related notes attached thereto and the unaudited financial statements and related notes thereto for the six month period ended June 30, 2011, which are prepared in accordance with International Financial Reporting Standards and included in and form a part of this Prospectus. All amounts are stated in Canadian dollars unless otherwise indicated. The effective date of this management discussion is June 30, 2011.

The Company has requested relief to early adopt International Financial Reporting Standards (IFRS) in place of Canadian GAAP, for the preparation of its financial year ended December 31, 2010 and the ensuing quarters ending

March 31, 2011 and June 30, 2011. As a result, the Company is filing it fiscal period ended December 31, 2010 under IFRS and all subsequent quarters as such.

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.

Description of Business

The Company was incorporated by under the *Business Corporations Act* (British Columbia) on March 9, 2010, and commenced active operations at such time. Since incorporation, the Company has primarily been engaged in the acquisition of mineral resource properties in Canada and the exploration of such properties for minerals

OVERALL PERFORMANCE

Deferred exploration expenditures for the fiscal period ended December 31, 2010 totaled $124,536. During the fiscal period ended December 31, 2010, the Company incurred $112,536 in exploration expenditures and $12,000 in acquisition costs.

General and administrative expenses for the fiscal period ended December 31, 2010 totaled $50,623. The majority of which was comprised of management fees paid to related parties. Both the President and CEO of the Company were issued 500,000 shares with a fair value of $25,000 each to companies controlled by each respectively as compensation for management fees.

The Company raised $164,000 in cash through the issuance of shares during the period ended December 31, 2010, $116,000 of which was received as at December 31, 2010 and $48,000 of which was classified as subscriptions receivable as at December 31, 2010. The balance of $48,000 was received within the three-month period ended March 31, 2011. Cash used in operations was $3,036 and cash used in investing activities was $NIL. The Company maintains a positive cash position and is expected to be able to continue operations for the coming year and beyond, assuming completion of the Offering and the availability of additional equity financing.

For a discussion of the Company's acquisition of its existing property interests, refer to *"Description of the Business - History - Acquisition of Scotch Creek Property"* above.

Selected Annual Information

The following tables provide selected financial data for the Company for the fiscal period ended December 31, 2010 and the three month periods ending March 31, 2011 (unaudited) and June 30, 2011(unaudited) as well as the fiscal period ended December 31, 2010 and the six months ended June 30, 2011 and should be read in conjunction with the Company's financial statements, including notes attached thereto, attached to and forming part of this Prospectus.

	Three Months Ended June 30, 2011 (unaudited)	**Three Months Ended March 31, 2011 (unaudited)**	**Period Ended December 31, 2010 (audited)**
Net sales or total revenues	NIL	NIL	NIL
Net income (loss)	$(33,896)	$(18)	$(50,623)
Basic and diluted income (loss) per share	$(0.01)	$(0.00)	$(0.02)
Weighted average shares outstanding	6,576,703	6,280,000	2,035,605
	As at June 30, 2011 (unaudited)	**As at March 31, 2011 (unaudited)**	**As at December 31, 2010 (audited)**
Total assets	$191,025	$190,573	$142,628
Total liabilities	$14,562	$15,214	$15,251
Working capital	$28,576	$32,453	$2,841
Shareholder's equity	$176,463	$175,359	$127,377

	Six Months Ended June 30, 2011 (unaudited)	Period Ended December 31, 2010 (audited)
Net sales or total revenues	$NIL	$NIL
Net income (loss)	$(33,914)	$(50,623)
Basic and diluted income (loss) per share	$(0.01)	$(0.02)
Weighted average shares outstanding	6,429,171	2,035,605
	As at June 30, 2011 (unaudited)	**As at December 31, 2010 (audited)**
Total assets	$191,025	$142,628
Total liabilities	$14,562	$15,251
Working capital	$28,576	$2,841
Shareholder's equity	$176,463	$127,377

Dividends

The Company has not declared any dividends since incorporation and does not intend to declare dividends in the foreseeable future. If the Company generates earnings in the future, it expects that they will be retained to finance future growth and, where appropriate, retire debt.

Management's Discussion and Analysis for the Period Ended December 31, 2010

The enclosed analysis is management's interpretation of the results and financial condition of the Company for the fiscal period ended December 31, 2010.

Outstanding Share Data at December 31, 2010

(a) Share Capital: The Company has an authorized share capital of an unlimited number of common shares without par value.

(b) Issued and Outstanding Capital: 6,280,000 shares issued and outstanding.

The Company will raise gross proceeds of $565,500 under the Offering. The costs of its Phase I exploration program is approximately $247,710 and its estimated 12 month general expenses is $90,000.

Results of Operations

The Company's net loss for the fiscal period ended December 31, 2010 was $50,623. The major expenses for this period were management fees of $50,000 and general and administrative expense of $623.

Deferred exploration expenditures for the fiscal period ended December 31, 2010 totaled $124,536. During the fiscal period ended December 31, 2010 the Company paid a total of $112,536 in exploration costs and $12,000 in property acquisition costs.

Of the $112,536 expended in exploration costs in the fiscal period ended December 31, 2010; $107,289 was incurred for geological field work and reports; $5,247 was expended for filing fees..

General and administrative expenses for the fiscal period ended December 31, 2010 totaled $50,623. Of these, $50,000 was expended as management fees and $623 for general and administrative expenses.

At December 31, 2010 the Company had raised $138,000 in flow though proceeds, of which $22,000 was receivable at December 31, 2010, from the issuance of 2,760,000 flow through shares. At December 31, 2011 the Company had incurred $112,536 in qualifying expenditures. At June 30, 2011 the Company had incurred cumulative qualifying expenditures of $135,887. The amount of qualifying expenditures incurred is the total of Exploration Costs noted in Note 3 to the financial statements for the periods ended December 31, 2010 and June 30, 2011. Subsequent to June 30, 2011 the Company incurred an additional $1,699 in qualifying expenditures resulting in unspent flow through funds of $414 at the date of this prospectus. The remaining balance will be spent prior to the Company's year-end December 31, 2011 and will be financed from cash on hand.

No significant changes occurred in the state of affairs of the Company during the financial period. No matters or circumstances have arisen since the end of the financial period which significantly affected or may significant affect the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

	December 31, 2010	June 30, 2011	Additions
Scotch Creek Property acquisition costs:			
Scotch Creek Property	12,000	-	12,000
Total acquisition costs	12,000	-	12,000
Exploration costs on the Scotch Creek Property:			
Filing fees	5,247	-	5,247
Geological and reporting	107,289	23,351	130,640
Total deferred exploration costs	112,536	23,351	135,887
Total Deferred Acquisition and Exploration Costs	**$124,536**	**$23,351**	**$147,887**

Exploration Program

The Company has conducted exploration on the Scotch Creek Property during the period ended December 31, 2010. On February 23, 2010, Barry Hartley secured an option from Joseph Lawrence and Bruce Squinas to acquire 100% ownership of the Scotch Creek property for a total of $12,000 ($6,000 for each optionor) and for providing $342 to pay current assessment filing fees. Hartley exercised the option and the MARION (604866), PENNY (604872), GLORIA (604873), KARALEE (604938), and MARION 2 (605310) claims were transferred to him on July 20, 2010. On May 27, 2011, the claims were transferred from Barry Hartley to Signal Exploration Inc.

Bruce Squinas, Joseph Lawrence and two associates conducted a prospecting program in the property area comprising 20 man-days of work from April 17 to 22, 2010. The results of that program were described as follow:

> One occurrence of pegmatitic scarn mineralization comprising coarse-grained pyrite, pyrrhotite, sphalerite, chalcopyrite, and galena was found in the northeastern part of the property area. Four occurrences of disseminated pyrite, pyrrhotite, chalcopyrite, sphalerite and galena mineralization were found in the property's southern and eastern parts. All of the disseminated sulphide mineralization was hosted by chloritic schist.
>
> Squinas, B.M. with Ostler, John; 2010: p. 20.

The author of the technical report made two brief trips to examine and map some of the geology on the Scotch Creek property on May 31 to June 3, and on June 11 to 15, 2010. At that time it was discovered that massive and disseminated mineralization was hosted in a single zone produced by a trachytic eruption with a vent area located east-northeast of the property-area. Since the client, Barry Hartley, was out of communication, the author map-staked the SOUTHERN CROSS 1 (794642) and SOUTHERN CROSS 2 (794662) claims on June 18, 2010 to cover un-staked ground east of the property. Those claims were transferred to B. Hartley at cost, on June 24, 2010. Barry Hartley map-staked the SOUTHERN CROSS 3 (801662) claim on June 28, 2010 to cover the ground down-hill of, and adjacent to the southern boundaries of the MARION (604866), and GLORIA (604873) claims, in order to protect a possible portal location for a trackless decline into mineralization hosted on those claims. The main part of the current 2010 exploration program was conducted by the author from August 30 to October 2, 2010. All of the author's 2010 exploration on the Scotch Creek property is the subject of the report.

Selected Quarterly Results

The Company was not a reporting issuer during most of the applicable time period and has not prepared quarterly financial statements prior to December 31, 2010.

	Three Months Ended June 30, 2011 (unaudited)	Three Months Ended March 31, 2011 (unaudited)	Period Ended December 31, 2010 (audited)
Net sales or total revenues	NIL	NIL	NIL
Net income (loss)	$(33,896)	$(18)	$(50,623)
Basic and diluted income (loss) per share	$(0.01)	$(0.00)	$(0.02)
Weighted average shares outstanding	6,576,703	6,280,000	2,035,605

Quarterly Discussion

For the three months ended June 30, 2011 the net loss for the Company was $(33,896) as compared to a net loss of $(18) for the three months ended March 31, 2011. This significant increase was the direct result of administrative expenses incurred in the process of pursuing the completion of the initial public offering. All other figures remained relatively static between the periods as the Company focuses on this prospectus offering.

Share capital also increased from the three months ended March 31, 2011 as a result of the issuance of 300,000 common shares at a price of $0.05 per share for gross proceeds of $15,000. The issued and outstanding as at June 30, 2011 is 6,580,000.

	Six Months Ended June 30, 2011 (unaudited)	Period Ended December 31, 2010 (audited)
Net sales or total revenues	$NIL	$NIL
Net income (loss)	$(33,914)	$(50,623)
Basic and diluted income (loss) per share	$(0.01)	$(0.02)
Weighted average shares outstanding	6,429,171	2,035,605
	As at June 30, 2011 (unaudited)	**As at December 31, 2010 (audited)**
Total assets	$191,025	$142,628
Total liabilities	$14,562	$15,251
Working capital	$28,576	$2,841
Shareholder's equity	$176,463	$127,377

Management's Discussion and Analysis for the Six-Month Period Ended June 30, 2011

The enclosed analysis is management's interpretation of the results and financial condition of the Company for the six-month period ended June 30, 2011.

Overall Performance

During the six months ended June 30, 2011 the Company incurred an additional $23,351 in exploration expenditures.

The Company raised $164,000 in cash through the issuance of shares during the period ended December 31, 2010, $116,000 of which was received as at December 31, 2010 and $48,000 of which was classified as subscriptions receivable as at December 31, 2010. The balance of $48,000 was received within the three-month period ended March 31, 2011. On April 1, 2011, the Company issued 300,000 common shares at a price of $0.05 per share for proceeds of $15,000. Additionally, on May 15, 2011, companies controlled by the President and the Chief Executive Officer of the Company contributed $10,000 each as a capital contribution without being issued any additional common shares.

Cash used in operations was $21,952 and cash used in investing activities was $23,351. The Company maintains a positive cash position and is expected to be able to continue operations for the coming year and beyond, assuming completion of the Offering.

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements.

Results of Operations

Six months ended for June 30, 2011.

General Administration costs:

The Company's net loss for the six-month period ended June 30, 2011 was $33,914.

For the six months ended June 30, 2011, the Company paid a total of $7,000 for accounting and legal services. An increase in general and administrative expenses is expected in subsequent quarters due to the Company's need for these services as a public company.

For a discussion of the Company's acquisition of property interests during the six months ended June 30, 2011, refer to *"Description of the Business - History - Acquisition of Scotch Creek Property"* above.

Significant Events

During the quarter ended June 30, 2011:

(a) On May 15, 2011, companies controlled by the President and the Chief Executive Officer of the Company contributed $10,000 each as a capital contribution to the Company without being issued any additional common shares.

(b) On April 15, 2011, the Company issued 300,000 common shares at $0.05 per share for proceeds of $15,000.

Subsequent Events

(a) The Company is proposing to offer to the public, by prospectus, 1,667,000 flow-through common shares and 2,103,000 non flow-through common shares at $0.15 per share for gross proceeds of $565,500. The Agent will be paid a commission of 10% of the gross proceeds of the offering, a corporate finance fee of $25,000 plus HST ($10,000 is non-refundable), and reimbursement for out-of-pocket expenses including legal costs. The Agent will also be issued share purchase options equal to 10% of the number of common shares sold pursuant to this offering. The share purchase options will be exercisable at $0.15 per share for a period of three years from the closing date of this offering.The completion of the offering is dependent upon the issuance by regulatory authorities of a receipt in respect of the Company's prospectus.

(b) On October 25, 2011, companies controlled by the President and the Chief Executive Officer of the Company contributed $2,500 each as a capital contribution to the Company without being issued any additional common shares.

(c) On November 9, 2011, companies controlled by the President and the Chief Executive Officer of the Company contributed and additional $35,500 as a capital contribution to the Company without being issued any additional common shares.

Engagement Letter

On April 26, 2011 the Company entered into the Engagement Letter with the Agent.

<u>Corporate Service Agreements</u>

(a) On May 20, 2011, the Company entered into an agreement with a company controlled by the President of the Company which will provide corporate services to the Company for $2,000 per month for a period of one year from the date the Company's shares are listed on the TSX-Venture Exchange. The agreement may be terminated by either party giving sixty days notice.

(b) On May 20, 2011, the Company entered into an agreement with a company controlled by the Chief Executive Officer of the Company which will provide corporate services to the Company for $2,000 per month for a period of one year from the date the Company's shares are listed on the TSX-Venture Exchange. The agreement may be terminated by either party giving sixty days notice.

<u>Stock Option Plan</u>

On June 30, 2011, the Company approved the adoption of the Plan. The Plan is a 10% "rolling" stock option plan and allows for the granting of Stock Options to directors, senior officers and employees of and consultants to the Company and its associated, affiliated, controlled or subsidiary companies. The maximum aggregate number of Shares that may be reserved for issuance under the Plan is 10% of the issued shares of the Company at the time that an option is granted.

<u>Stock Option Grants</u>

On October 31, 2011, the Company granted an aggregate of 1,000,000 Stock Options to its directors and officers. Each such Stock Option has an exercise price of $0.15 per Share and will expire five years from the Closing Date.

Outstanding Securities Data at June 30, 2011

(a) <u>Authorized Capital:</u> Unlimited number of common shares without par value

(b) <u>Issued and Outstanding:</u> 6,580,000 with a stated value of $261,000 (December 31, 2010 – 6,280,000 common shares with a stated value of $226,000). As of the date of this Prospectus there are currently 6,580,000 common shares issued and outstanding with stated value of $301,500.

(c) <u>Outstanding Incentive Stock Options</u>: 1,000,000 Stock Options granted to officers and directors of the Company. This figure remains accurate as of the date of this Prospectus.

The Company proposes to raise gross proceeds of $565,500 under the Offering. The costs of its Phase I exploration program is approximately $247,710 and its estimated 12 month general expenses is $90,000.

Liquidity

The Company has had no revenue and as at December 31, 2010, the Company had working capital of $2,841 compared to working capital of $28,576 as at June 30, 2011. As at December 31, 2010, the Company had cash of $428 compared to cash of $38,125 as at June 30, 2011.

Net cash used in operating activities for the period ended December 31, 2010 was $3,036 as compared to $21,952 for the six months ended June 30, 2011 and the net cash used in investing activities was $112,536 for the period ended December 31, 2010 as compared to $23,351 for the six months ended June 30, 2011.

The Company does not have any cash flow from operations and is unable to generate sufficient cash to complete current projects without obtaining additional financing. The Company receives funds for use in its operations primarily from issuing common shares in the Company. This is not expected to change in the short or medium term.

The Company's mineral exploration activities have been funded to date primarily through the issuance of flow-through and non-flow-through common shares, and the Company expects that it will continue to be able to utilize these sources of financing until it develops cash flow from its mining operations. Other than as discussed herein, the

Company is not aware of any trends, demands, commitments, events or uncertainties that may result in its liquidity either materially increasing or decreasing at present or in the foreseeable future. Material increases or decreases in the Company's liquidity will be substantially determined by the success or failure of its exploration programs as well as its continued ability to raise capital.

Capital Resources

The main business risks facing the Company over the next several years relate to the availability of equity capital to finance the acquisition, exploration and development of existing and future exploration and development projects. The availability of equity capital to junior resource companies such as the Company is affected by commodity prices, global economic conditions, and economic conditions and government policies in the countries of operation, among other things. These conditions are beyond the control of the management of the Company and have a direct effect on the Company's ability to raise equity capital.

The Company's properties are in the exploration stage and without known reserves and resources. Exploration and development of natural resources involves substantial expenditures and a high degree of risk. Few properties which are explored are ultimately developed into producing properties. Accordingly, the Company has no operating revenue, writes off its properties from time to time, and operates at a loss.

Title to Mining Properties

Title to mining properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing historically characteristic of many mining properties. The Company has investigated title to its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing.

Off-Balance Sheet Arrangements

The Company has not entered into any off-balance sheet transactions.

Transactions with Related Parties

The following table summarizes the related party transactions with directors and officers of the Company:

	Period Ended December 31, 2010	Six Months Ended June 30, 2011
Due to Brent Hahn, the Chief Executive Officer of the Company	$4,309	$2,409
Due to Barry Hartley, the President and Chief Financial Officer of the Company	$3,801	$1,946
Management fees paid to a company controlled by Brent Hahn, Chief Executive Officer of the Company through the issuance of 500,000 common shares with a fair value of $25,000	$25,000	$NIL
Management fees paid to a company controlled by Barry Hartley, President and Chief Executive Officer of the Company through the issuance of 500,000 common shares with a fair value of $25,000	$25,000	$NIL

The Company acquired the Scotch Creek Property from Barry Hartley and Brent Hahn, both directors of the Company. Mr. Hartley received 1,000,000 Shares and Mr. Hahn received 1,000,000 Shares from the Company, at a deemed price of $0.006 per Share. Subsequent to March 31, 2011, the companies controlled by Barry Hartley and Brent Hahn contributed $10,000 each as a capital contribution to the Company without being issued any additional shares. This contribution served to increase the deemed value of these shares to $0.016.

On October 25, 2011, companies controlled by the President and the Chief Executive Officer of the Company contributed $2,500 each as a capital contribution to the Company without being issued any additional common shares. This contribution served to increase the deemed value of these shares to $0.0185.

On November 9, 2011, companies controlled by the President and the Chief Executive Officer of the Company contributed and additional $35,500 as a capital contribution to the Company without being issued any additional common shares.

The Company is in the start-up stage of its business and many of the services required for its administration and business functions, as well as initial capital, were provided to the Company by its principals or directors, (either directly or through wholly-owned entities).

The Company did not record any major adjustment or extraordinary items in the second quarter.

Critical Accounting Estimates

The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results could differ from these estimates.

The most significant assumption is that management is assuming that financings contemplated will be closed in the amounts announced and that capital markets will enable future financing to occur. The statements are prepared on the going concern assumption.

Significant accounts that require estimates as the basis for determining the stated amounts include mineral properties and stock-based compensation.

The Company has not yet recorded any amounts in respect of abandonment, as none of these costs has been identified.

The Company uses the Black Scholes valuation model in calculating stock based compensation expenses. The model requires that estimates be made of volatility, interest rates, and the ensuing results could vary significantly if changes are made in these assumptions.

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to establish accounting policies and to make estimates that affect both the amount and timing of the recording of assets, liabilities and expenses. Some of these estimates require judgment about matters that are inherently uncertain. In particular, the recoverability of the recorded value of mineral property costs is dependent upon many factors beyond the Company's control, including metal prices, property tenure, environmental risks, ability to obtain permits, legal and political risks and the Company's ability to obtain necessary financing to maintain, explore and develop its mineral properties.

Risk and Uncertainties

Although the Company endeavours to operate utilizing environmentally "Best Management Practices", changes to environmental regulations can negatively affect the Issuer's ability to access, explore and develop its properties.

Negative Operating Cash Flow

Since inception, the Company has had negative operating cash flow. The Company has incurred losses since its inception. The losses and negative operating cash flow are expected to continue for the foreseeable future as funds are expended on the exploration program on its properties and administrative costs. The Company cannot predict when it will reach positive operating cash flow, if ever.

General Risk Associated with the Mining Industry

The Company is engaged in the exploration for and development of mineral deposits. These activities involve significant risks which careful evaluation, experience and knowledge may not, in some cases, eliminate. The commercial viability of any mineral deposit depends on many factors not all of which are within the control of management. Some of the factors that affect the financial viability of a given mineral deposit include its size, grade and proximity to infrastructure, government regulation, taxes, royalties, land tenure, land use, environmental protection and reclamation and closure obligations, have an impact on the economic viability of a mineral deposit.

Equity Market Risk

The Company raises money in the equity markets which can fluctuate significantly. If the appetite for equity financing is curtailed it may be difficult or impossible to raise additional equity. This could have a negative effect on the Company. These factors are beyond the control of management.

Reliance on Management

The Company relies on its management to execute its business plan. If members of the management team should become unavailable for any reason the Company could experience difficulties in executing its plans.

Foreign Currency Risk

Foreign exchange risk is the risk that the Company’s financial instruments will fluctuate in value as a result of movements in foreign exchange rates. The Company has no assets or liabilities denominate in foreign currencies; therefore, is not exposed to foreign exchange risk.

Accounting standards issued by not yet effective

In May 2011, the IASB issued the following standards which have not yet been adopted by the Corporation: IFRS 10, Consolidated Financial Statements (“IFRS 10”), IFRS 11, Joint Arrangements (“IFRS 11”), IFRS 12, Disclosure of Interests in Other Entities (“IFRS 12”), IAS 27, Separate Financial Statements (“IAS 27”), IFRS 13, Fair Value Measurement (“IFRS 13”) and amended IAS 28, Investments in Associates and Joint Ventures (“IAS 28”). Each of the new standards is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. The Corporation has not yet begun the process of assessing the impact that the new and amended standards will have on its financial statements or whether to early adopt any of the new requirements.

The following is a brief summary of the new standards:
IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 Consolidation—Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements.

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venture will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities—Non-monetary Contributions by Venturers.

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity’s interests in other entities.

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRSs. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

In addition, there have been amendments to existing standards, including IAS 27 and IAS 28. IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 – 13.

PLAN OF DISTRIBUTION

The Offering

Pursuant to the Engagement Letter, which shall be superseded and replaced by the Agency Agreement prior to Closing, the Company proposes to sell through the Agent an aggregate of 2,103000 Non Flow-Through Shares and 1,667,000 Flow-Through Shares at a price of $0.15 per Share, for total gross proceeds of $565,500. The Agent is not under any obligation to take up and pay for any of the Offered Securities.

Assuming the full Offering is sold and the maximum number of Offered Securities are issued, an aggregate of 3,770,000 shares will be issued under the Offering.

The Offering Price was established through negotiation between the Company and the Agent.

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice.

The Offering is being made concurrently in the provinces of British Columbia and Alberta.

Except as may otherwise be agreed by the Company and the Agent, a definitive certificate or certificates representing the Offered Securities will be issued on the Closing Date.

Subscriptions for Flow-Through Shares

Subscriptions for Flow-Through Shares will be made pursuant to subscription agreements (the **"Subscription Agreements"),** to be made between the Company and each subscriber for Flow-Through Shares, and executed by the Agent or one or more sub-agents of the Agent, as agent for, on behalf of and in the name of each subscriber of Flow-Through Shares. The execution and delivery of a Subscription Agreement by the Agent or a sub-agent of the Agent, as agent on behalf of a subscriber, will bind such subscriber to the terms thereof as if such subscriber had executed the Subscription Agreement personally. Each subscriber who places an order to purchase Flow-Through Shares with the Agent, or any sub-agent of the Agent, will, on placing such order, be deemed to have authorized the Agent, or such sub-agents, to:

(a) execute and deliver, for and on behalf of the subscriber, the Subscription Agreement;

(b) agree for and on behalf of and in the name of the subscriber to the covenants, agreements, representations, warranties, statements and acknowledgements of the subscriber contained in the Subscription Agreement;

(c) act as the subscriber's representative to receive certificates for Flow-Through Shares subscribed for and to execute in his, her or its name and on his, her or its behalf all closing receipts and documents required; and

(d) waive, in whole or in part, any representations, warranties, covenants or conditions for the benefit of the subscriber contained in the Subscription Agreement or in any agreement or document ancillary or related thereto and execute amendments thereto.

The Agent, in turn, acknowledges that it will have the authority to bind each subscriber to the Subscription Agreement and to take such actions as aforesaid upon receipt of an order to purchase Flow-Through Shares from the said subscriber.

Appointment of Agent

On April 26, 2011, the Company and the Agent entered into the Engagement Letter pursuant to which the Company engaged the Agent to act as agent to the Offering on a commercially reasonable efforts basis. The Engagement Letter sets forth the general terms and conditions of the Company's engagement of the Agent and is to be replaced by the Agency Agreement prior to Closing. On execution by the Company and Agent, the Agency Agreement will supersede and replace the Engagement Letter and thereafter govern the terms and conditions of the Company's engagement of the Agent in respect of the Offering.

In consideration of the services provided by the Agent in connection with the Offering, the Company has agreed:

(a) to pay the Agent the Agent's Commission, being a cash commission equal to 10% of the gross proceeds raised from the Offering;

(b) to issue to the Agent the Agent's Options;

(c) to pay to the Agent a $25,000 plus HST corporate finance fee;

(d) to pay to the Agent a $8,000 legal retainer;

(e) to reimburse the Agent for all reasonable expenses incurred by the Agent in connection with the Offering including the reasonable fees and disbursements of legal counsel to the Agent;

(f) to grant the Agent a right of first refusal to provide any brokered equity financing the Company proposes to conduct during the period ending 24 months from the Closing Date; and

(g) to indemnify the Agent against certain liabilities.

Qualification for Distribution of Securities

This Prospectus qualifies the distribution of the Non Flow-through Shares, the Flow-Through Shares and the Agent's Options.

The distribution under this Prospectus will remain open until such date as may be agreed upon by the Company and the Agent, but no later than the date that is 90 days after a receipt is issued by the principal regulator pursuant to NP 11-202 for the final Prospectus, unless an amendment to the final Prospectus is filed and the principal regulator has issued a receipt for the amendment, in which case the Offering must cease within 90 days after the date of the receipt for the amendment to the final Prospectus. Notwithstanding the above, the total period of the Offering must not end more than 180 days from the date of the initial receipt for the final Prospectus.

Listing of Common Shares

The Company intends to apply to list the Shares distributed under this Prospectus on the Exchange. Listing is subject to the Company fulfilling all of the listing requirements of the Exchange.

As at the date of the Prospectus, the Company does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, a U.S. marketplace, or a marketplace outside of Canada and the United States of America (excluding the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc).

DESCRIPTION OF SECURITIES DISTRIBUTED

Common Shares

The authorized share capital of the Company consists of an unlimited number of common shares (“Shares”) without par value. As of the date of this Prospectus, there are 6,580,000 Shares issued and outstanding.

The holders of Shares are entitled to one vote per Share at all meetings of shareholders, to receive dividends as and when declared by the directors, and to receive a pro rata share of the remaining property and assets of the Company in the event of liquidation, dissolution or winding up of the Company. The Shares have no pre-emptive, conversion, exchange, redemption, retraction, purchase for cancellation or surrender provisions. There are no sinking fund provisions in relation to the Shares and they are not liable to further calls or to assessment by the Company.

Flow-Through Shares - Renunciation of CEE

The Flow-Through Shares will be Shares issued as "flow-through shares" as that term is defined in subsection 66(15) of the Tax Act and will not be "prescribed shares" as defined in the Regulations. Pursuant to each Subscription Agreement, the Company will agree with each subscriber for Flow-Through Shares thereunder (i) to incur CEE in accordance with such agreement in an amount equal to the total Flow-Through Offering Price payable by such subscriber pursuant to such subscription (the **"Flow-Through Funds")** during the period commencing on the Closing Date and ending on December 31, 2012, and (ii) to renounce pursuant to subsection 66(12.6) of the Tax Act in prescribed form to such subscriber in respect of the Flow-Through Shares purchased by such subscriber pursuant to such agreement an amount in respect of such CEE so incurred by the Company equal to such subscriber's Flow-Through Funds with an effective date no later than December 31, 2011, provided that subsection 66(12.66) of the Tax Act is administered by the CRA or amended in the manner contemplated by the Draft Legislation. If the Company fails to renounce to a subscriber effective December 31, 2011, CEE in an amount equal to such subscriber's Flow-Through Funds, or if there is a reduction in the amount so renounced pursuant to the provisions of the Tax Act, the amount which will be added to such subscriber's cumulative Canadian exploration expense account, and therefore the amount such subscriber will be entitled to deduct in computing his or her income for the relevant taxation year, will be correspondingly reduced.

Pursuant to each Subscription Agreement, the Company will agree to indemnify each subscriber for Flow-Through Shares thereunder for an amount equal to the amount of any tax (within the meaning of the definition of "excluded obligation" in subsection 6202.1(5) of the Regulations) payable under the Tax Act (and under any corresponding provincial legislation) by such subscriber as a consequence of such failure or reduction. Each Subscription Agreement will contain additional representations, warranties, covenants and agreements by the Company in favour of each subscriber for Flow-Through Shares thereunder.

Each Subscription Agreement will also provide representations, warranties and agreements of each subscriber for Flow-Through Shares thereunder, and by his or her purchase of Flow-Through Shares such subscriber will be deemed to have represented, warranted and agreed, for the benefit of the Company and the Agent that: (i) the subscriber is not a non-resident of Canada for the purposes of the Tax Act; (ii) the subscriber deals, and until January 1, 2012 will continue to deal, at arm's length with the Company for the purposes of the Tax Act; (iii) the subscriber, if an individual, is of the full age of majority and is otherwise legally competent to enter into such Subscription Agreement; (iv) other than as provided herein and in such Subscription Agreement, the subscriber waives any right that it may have to any potential incentive grants, credits and similar or like payments or benefits which accrue as a result of the operations relating to CEE and acknowledges that all such grants, credits, payments or benefits accrue to the benefit of the Company; (v) the subscriber has received and reviewed a copy of this Prospectus; (vi) the subscriber has not received and does not expect to receive any financial assistance from the Company, directly or indirectly, in respect of the purchase of the Flow-Through Shares; and (vii) the subscriber will not enter into any arrangement with any person, trust or partnership (other than the Company or a "specified person" in relation to the Company (as defined in the Tax Act)) which will cause the Flow-Through Shares to become "prescribed shares" within the meaning of section 6202.1 of the Regulations.

The following table sets out the share capitalization of the Company as at the dates specified below;

Description	Authorized	Outstanding as at December 31, 2010	Outstanding as at the date of this Prospectus	Outstanding after giving effect to the Offering
Common Shares	unlimited	6,280,000	6,580,000	10,350,000

(1) See *"Prior Sales"* below.
(2) On an undiluted basis. Does not include any Shares issuable upon exercise of the 1,000,000 Stock Options that have been granted under the Plan.
(3) On an undiluted basis. This figure is calculated assuming that the Offered Securities, when issued, are comprised of 1,667,000 Flow-Through Shares and 2,103,000 Non Flow-Through Shares. This figure does not include any Shares issuable upon exercise of the Agent's Options.

Fully Diluted Share Capitalization

Common Shares	Amount of Securities	Percentage of Total (%)
Issued and Outstanding as of the date of this Prospectus	6,580,000	**63.57**
Non Flow-Through Shares	2,103,000	**20.32**
Flow-Through Shares	1,667,000	**16.11**
Non-Diluted Total	**10,350,000**	**100.00**

Common Shares	Amount of Securities	Percentage of Total (%)
Non-Diluted Total (from above)	10,350,000	**88.26**
Underlying Agent's Options	377,000	**3.21**
Stock Options	1,000,000	**8.53**
Total Fully Diluted Share Capitalization After Completion of the Offering	**11,727,000**	**100.00**

OPTIONS TO PURCHASE SECURITIES

Outstanding Options

The following table summarizes the options to purchase securities of the Company that will be held by the named groups of persons upon completion of the Offering.

Group	Designation of Securities under Option	Number of Common Shares under Option	Exercise price per Common Share	Expiry Date
Executive officers (2 persons)	Common Shares	400,000	$0.10	5 years from Closing Date
Directors of the Company who are not also executive officers as a group (3 persons)	Common Shares	600,000	$0.10	5 years from Closing Date
Employees and past employees of the Company as a group	N/A	Nil	N/A	N/A
Consultants of the Company as a group	N/A	Nil	N/A	N/A

PRIOR SALES

The following table summarizes all issuances of Shares in the 12 months prior to the date of this Prospectus:

Date of Issue	Price per Security	Number of Securities	Reason for Issuance
March 31, 2010	$0.016	2,000,000	Property Acquisition
June 23, 2010	$0.050	100,000	Private Placement
June 30, 2010	$0.050	152,000	Private Placement
September 15, 2010	$0.050	248,000	Private Placement
September 30, 2010	$0.050	1,292,000	Private Placement
December 30, 2010	$0.050	528,000	Private Placement
December 31, 2010	$0.050	960,000	Private Placement
December 31, 2010	$0.050	1,000,000	Management Services
April 1, 2011	$0.050	300,000	Private Placement
	TOTAL:	**6,580,000**	

ESCROWED SECURITIES

Upon completion of the Offering, the only securities of the Company that will be subject to escrow or a contractual restriction on transfer are the 6,580,000 Shares that will be subject to the Escrow Agreement.

Designation of Class	Number of Securities Held in Escrow or that are Subject to a Contractual Restriction on Transfer	Percentage of class post-Offering
Common Shares	6,580,000	63.57%

(1) Based on 10,350,000 Shares issued and outstanding on completion of the Offering. See *"Consolidated Capitalization"* above.

(2) All shares will be held in escrow pursuant to the Escrow Agreement and will be deposited with Equity Financial Trust Company, the escrow agent for the purposes of the Escrow Agreement, prior to Closing. The requirement for escrow and terms of escrow are as prescribed by NP 46-201. Assuming that the Company remains classified as an "emerging issuer" under NP 46-201, the shares will be released from escrow over a period of three years with 10% of the shares being release from escrow on the date the Company is listed on the Exchange, with the balance of the shares being released in equal installments of 15% each six months thereafter.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Legacy Tax + Trust Lawyers, Special Tax Counsel to the Company, the following is, as of the date of this Prospectus, a summary of the principal Canadian federal income tax considerations under the Tax Act generally applicable to initial holders of the Offered Securities acquired under the Offering. This summary only applies to the initial holders of Offered Securities acquired under the Offering who, for the purposes of the Tax Act, are resident in Canada and who deal at arm's length and are not affiliated with the Company and hold each of their Offered Securities as capital property and, with respect to the Flow-Through Shares, are individuals (other than trusts) who at all times deal and will continue to deal at arm's length with the Company **("Holders").**

No part of this summary is applicable to corporations which are "financial institutions" for the purposes of the "mark to market" provisions of the Tax Act, to any "specified financial institution" as defined in the Tax Act, to any person an investment in which would constitute a "tax shelter" for the purposes of the Tax Act, or to any underwriters or agents acting on behalf of the Company. This summary is also not applicable to holders of Flow-Through Shares who are partnerships, trusts or "principal-business corporations" within the meaning of the Tax Act, or whose business includes trading or dealing in petroleum, natural gas or mineral rights.

Each of the Offered Securities will generally be "capital property" to a Holder unless they are held in the course of carrying on a business of trading or dealing in securities or the Holder is engaged in an adventure in the nature of trade with respect to such Offered Securities. Certain Holders who are resident in Canada for purposes of the Tax

Act and who might not otherwise be considered to hold their Non-Flow Through Shares or Flow-Through Shares as capital property may, in certain circumstances, be entitled to have them treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. **Holders of the Offered Securities contemplating making the election permitted by subsection 39(4) of the Tax Act should consult their own independent tax advisors as such an election would affect the income tax treatment of dispositions by the Holder of other Canadian securities and may not be suitable for all Holders.**

This summary is based upon the current provisions of the Tax Act and the Regulations in force as of the date hereof, all specific proposals (the **"Proposed Amendments")** to amend the Tax Act or the Regulations that have been publicly announced by, or on behalf of, the Minister of Finance (Canada) prior to the date hereof, and counsel's understanding of the current published administrative and assessing practices of the Canada Revenue Agency. If the Proposed Amendments are not enacted as presently proposed or other relevant amendments to the Tax Act or Regulations come into force, the tax consequences may not be as described below in all cases. Except where otherwise indicated, this summary does not take into account or anticipate any other changes to the law, including retroactive tax amendments, whether by legislative, governmental or judicial decision or action, nor does it take into account provincial, territorial or foreign income tax legislation or considerations, which may differ from the Canadian federal income tax considerations.

This summary is of a general nature only, is not exhaustive of all possible Canadian federal income tax considerations and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder. Therefore, Holders should consult their own tax advisors with respect to their particular circumstances.

Flow-Through Share Considerations

This summary assumes that the Company will make all filings in respect of the issue of the Flow-Through Shares and the renunciation of CEE in the manner and within the time required by the Tax Act, the Regulations and the relevant Subscription Agreements and that all renunciations will be validly made. In addition, while the Company is required to furnish each Holder of Flow-Through Shares with information relevant to the Holder's Canadian federal and provincial tax returns, the preparation and filing of all such returns will remain the sole responsibility of each Holder. This summary further assumes that the Company will incur (or be deemed to have incurred) sufficient CEE to enable it to renounce the agreed amounts to the Holders of Flow-Through Shares as set out below. This summary is based upon a representation by the Company that it will be a "principal-business corporation" for purposes of section 66 of the Tax Act at all material times and that the Flow-Through Shares will not be "prescribed shares" under the relevant provisions of the Regulations. If any of such representations are incorrect, the Company may be unable to renounce some or all of the CEE which it has agreed to renounce under the Subscription Agreements.

The income tax consequences relating to a Holder of Flow-Through Shares will vary depending upon a number of factors, including the particular province in which the Holder resides, carries on business or has a permanent establishment, the amount that would be the Holder's taxable income but for the purchase of the Flow-Through Shares and the legal characterization of the Holder as an individual (or corporation, trust or partnership, on which no comments are provided).

Canadian Exploration Expense

Any CEE that is an "expense" within the meaning of subsection 66(15) of the Tax Act incurred by the Company and renounced by it to a Holder of Flow-Through Shares in accordance with the terms of a Subscription Agreement and pursuant to the rules in the Tax Act will, at the effective date of such renunciation, be considered as CEE incurred by the Holder. A corresponding amount will be added to the Holder's cumulative Canadian exploration expense as defined in subsection 66.1(6) of the Tax Act (the Holder's **"CEE pool").**

Subject to certain restrictions imposed by the Tax Act, where a Holder enters into a Subscription Agreement and pays money for Flow-Through Shares in a particular calendar year, and deals at arm's length as determined for purposes of the Tax Act with the Company throughout the year following the particular year, it is possible for the Company to renounce to that Holder, with an effective date of December 31 of the particular calendar year, certain CEE incurred by it in the calendar year following the particular year. To qualify for this treatment the CEE must be an expenditure that is not the cost of depreciable property and is incurred for the purpose of determining the existence, location, extent or quality of a mineral resource in Canada, generally including any expense incurred in the course of prospecting, carrying out geological, geophysical or geochemical surveys, drilling by rotary, diamond, percussion or other methods, or trenching, digging test pits and preliminary sampling **("Qualifying CEE").**

For example, provided such a Holder enters into a Subscription Agreement with the Company and pays money for the full price of the Flow-Through Shares in 2011, the Company may, provided certain conditions in the Tax Act are met, renounce Qualifying CEE incurred by the Company after the Closing Date and up to December 31, 2012 to the Holder by March 31, 2012, and with an effective date of December 31, 2011, and if a valid renunciation is made, the Holder will be deemed to have incurred that Qualifying CEE at December 31, 2011. This is sometimes referred to as the "one year look-back rule".

If such Qualifying CEE renounced effective December 31, 2011 is not in fact incurred by the Company by December 31, 2012, the Qualifying CEE so renounced will be reduced accordingly, effective as of December 31, 2011. One result is that the Holder would be reassessed for his or her 2011 taxation year. However, the Holder should not be charged interest or penalties on any unpaid income tax arising as a result of such reduction for the period, provided any unpaid tax liability is settled on or prior to April 30, 2013.

Under the Tax Act, the Company will be precluded from renouncing any amount of CEE that represents "Canadian Exploration and Development Overhead Expenses" **("CEDOE")** as defined for this purpose in the Regulations. In addition, the amount of CEE that the Company may renounce must be net of expenses in respect of certain types of seismic data (described in paragraph 66(12.6)(b.1) of the Tax Act), and net of the amount of any form of "assistance" as defined in subsection 66(15) of the Tax Act **("Assistance")** the Company receives, is entitled to receive or may reasonably be expected to receive, at any time, in respect of the exploration activities to which the CEE relates.

CEDOE generally includes an expense that is: (i) in respect of the administration, management or financing of the Company, (ii) in respect of the salary, wages or other remuneration or related benefits paid in respect of a person employed by the Company whose duties are not all or substantially all directed towards exploration or development activities, or (iii) in respect of the upkeep or maintenance of, taxes or insurance in respect of, or rental or leasing of, property other than property all or substantially all of the use of which by the Company is for the purposes of exploration or development activities. CEDOE can also include an expense of the Company that may reasonably be regarded as having been in respect of: (i) the use of or the right to use any property in which any person who was "connected with" the Company or the Holder had an interest, (ii) compensation for the performance of a service for the benefit of the Company by any person who was "connected with" the Company or the Holder, or (iii) the acquisition of any materials, parts or supplies from any person who was "connected with" the Company or the Holder.

A person and a particular corporation are "connected with" each other in the context of these rules concerning CEDOE if: (i) the person and the particular corporation are not dealing at arm's length, (ii) the person has a direct or indirect shareholding **("equity percentage")** in the particular corporation that is not less than 10 per cent, or (iii) the person is a corporation in which another person has an equity percentage that is not less than 10 per cent, and that other person has an equity percentage in the particular corporation that is not less than 10 per cent. A person and another person that is not a corporation are connected with each other if they are not dealing at arm's length for purposes of the Tax Act.

A Holder will be entitled to deduct, in computing his income from all sources for his taxation year, any amount that he or she may claim, not exceeding 100% of the balance of his or her CEE pool at the end of that taxation year. Deductions claimed by a Holder will reduce his or her CEE pool by a corresponding amount. To the extent that the Holder does not deduct the balance of his or her CEE pool at the end of a taxation year, the balance will be carried forward indefinitely and deductions may be made therefrom by the Holder in subsequent taxation years in accordance with the provisions of the Tax Act. The CEE pool of a Holder will be reduced by the amount of any Assistance which he or she receives or becomes entitled to receive in respect of CEE previously incurred and included in his or her CEE pool. Any provincial tax credits that may be available to a Holder in accordance with the discussion below are “assistance” in respect of the CEE incurred, and a Holder’s CEE pool will be reduced by the amount of any such credit in the year the Holder becomes entitled to receive the credit. The CEE pool of an individual Holder, at any time in a taxation year, will be reduced by the amount of any 15% non-refundable federal investment tax credit that can reasonably be attributed to a Canadian exploration expenditure, a pre-production mining expenditure or a flow-through mining expenditure claimed by the individual for a preceding year.

In the event that the balance of a Holder's CEE pool is negative at the end of a taxation year, the negative amount must be included in the Holder's income for that taxation year, and the balance of his or her CEE pool will thereupon become nil. This result may arise where a Holder claims a deduction for the full balance of the Holder's CEE pool in a taxation year and, in the subsequent taxation year, is required to further reduce that CEE pool by the amount of any 15% federal investment tax credit that the Holder received or is entitled to receive, as described below.

A 15% non-refundable investment tax credit ("**FTME Tax Credit**") is available to an individual Holder (other than a trust) of flow-through shares in respect of renunciations to the Holder of certain CEE incurred by the issuer of the shares before 2013 in conducting certain mining exploration activity from or above the surface of the earth for the purpose of determining the existence or location of a base or precious metal deposit.

The amount of CEE upon which an individual Holder's federal credit is computed will be reduced by any provincial tax credit that Holder is entitled to receive or can reasonably be expected to receive in respect of the CEE. The federal credit can be used by the Holder to reduce the tax otherwise payable in the taxation year of the Holder in which the Holder becomes entitled to the credit. However, the credit will be limited to the extent it reduces the Holder's tax payable beyond the level of alternative minimum tax discussed below. Any unapplied portion of the credit may be claimed in the following ten years or the preceding three years.

British Columbia offers a 20% non-refundable income tax credit (the "**BC FTME Tax Credit**") for an individual (other than a trust or estate) who is deemed to incur the type of CEE described above for the federal tax credit, but only where the CEE is incurred in respect of mining exploration activity all or substantially all of which is conducted by the Issuer in British Columbia for the purpose of determining the existence, location, extent or quality of a mineral resource in British Columbia. As the exploration to be conducted by the Issuer will be in British Columbia, a Holder may be entitled to this British Columbia tax credit. Any such British Columbia tax credits that may be available to a Holder in accordance with the foregoing will be considered "assistance" in respect of the CEE renounced to the Holder, and the Holder's CEE pool will be reduced by the amount of any such credit in the year the Holder becomes entitled to receive the credit.

The British Columbia credit is non-refundable and accordingly will be usable only by an individual Holder who is otherwise liable to tax in British Columbia.

Source Deductions and Income Tax Installments

A Holder who is an employee and who thereby has income tax withheld at source from employment income may prepare a submission to his relevant district office of the CRA requesting a reduction in such withholding at source by an employer. The CRA has a discretionary power to grant such request and may do so based on a Holder's share of CEE.

A Holder who is required to pay income tax on an installment basis may take into account his or her share of CEE.

Offered Securities Considerations

Adjusted Cost Base

For income tax purposes, a Flow-Through Share will be deemed to have been acquired by the Holder at a cost of nil.

Each Non Flow-Through Share issued by the Company to a Holder should have a cost to that Holder of the subscription price of such share.

The "adjusted cost base" (the "ACB") of Share of the Company owned by a Holder at any particular time will generally be the average ACB to the Holder of all of the Offered Securities of the Company owned at that time, including the Flow-Through Shares (the ACB of which is deemed nil at issuance).

Paid-Up Capital

Under the Tax Act, the Company will be required for tax purposes to reduce the legal paid-up capital of its Shares by an amount equal to 50% of the CEE renounced in respect of the Flow-Through Shares. The reduction may impact on the income tax treatment of subsequent dealings with the Shares.

Dividends

Dividends received or deemed to be received by a Holder on the Offered Securities will be included in computing the Holder's income and, where the Holder is an individual (other than a trust that is a registered charity), will be subject to gross-up and dividend tax credit rules applicable to dividends paid by a taxable Canadian corporation. Taxable dividends received by a Holder from a public corporation that is a taxable Canadian corporation which are designated by such corporation as "eligible dividends" in accordance with the Tax Act will be entitled to the enhanced gross-up and dividend tax credit, if the Holder is notified in writing by the Issuer at or before the time the dividend is paid.

Dividends received by a Holder that is a corporation on the Offered Securities must be included in computing its income but generally will be deductible in computing its taxable income. Private corporations (as defined in the Tax Act) and certain other corporations controlled by or for the benefit of an individual (other than a trust) or related group of individuals (other than trusts) generally will be liable to pay a 33 1/3% refundable tax under Part IV of the Tax Act on dividends to the extent such dividends are deductible in computing the corporation's taxable income. This refundable tax generally will be refunded to a corporate Holder at the rate of $1 for every $3 of taxable dividends paid while it is a private corporation.

Capital Gains or Capital Losses

Upon a disposition (or a deemed disposition) of an Offered Security to an arm's length person (other than the Company), a Holder generally will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of such security, net of any reasonable costs of disposition, are greater (or are less) than the ACB of such security to the Holder. One-half of any capital gain will be included in income as a taxable capital gain. One-half of any capital loss may generally be deducted as an allowable capital loss against taxable capital gains realized in the year of disposition, any of the three preceding taxation years or any subsequent taxation year, subject to detailed provisions of the Tax Act.

The amount of any capital loss realized on the disposition or deemed disposition of Unit Shares, Flow-Through Shares or Warrant Shares by a Holder that is a corporation may be reduced by the amount of dividends received or deemed to have been received by it on such shares or shares substituted for such shares to the extent and in the circumstances prescribed by the Tax Act. Similar rules may apply where a Holder that is a corporation is a member of a partnership or beneficiary of a trust that owns such shares or that is itself a member of a partnership or a beneficiary of a trust that owns such shares.

A Holder that is throughout the relevant taxation year a "Canadian-controlled private corporation" (as defined in the Tax Act) also may be liable to pay an additional refundable tax of 6-2/3% on its "aggregate investment income" for the year which will include taxable capital gains. This refundable tax generally will be refunded to a corporate Holder at the rate of $1 for every $3 of taxable dividends paid while it is a private corporation.

Any balance in a Holder's CEE pool at the time the Holder disposes of a Flow-Through Share will remain with that Holder, and will not be transferred to the person acquires the Flow-Through Share.

Minimum Tax on Individuals

The Tax Act provides for an alternative minimum income tax applicable to individuals (including certain trusts and estates) resident in Canada, which is computed by reference to an adjusted taxable income amount under which certain tax preference items are not deductible or exempt. In calculating adjusted taxable income for the purpose of determining the minimum tax, certain deductions otherwise available are disallowed, including any deductions of a Holder's cumulative CEE pool, to the extent the deductions exceed the Holder's income from royalties in respect of, or income from the production of petroleum, natural gas and minerals or amounts required to be included in income under section 59 of the Tax Act (including income from the disposition of foreign resource properties). Eighty percent of capital gains (net of capital losses) and actual amount of taxable dividends (not including any gross-up or dividend tax credit) is included in the adjusted taxable income. Any additional tax payable by an individual under the minimum tax provisions may be carried forward and applied against certain tax otherwise payable in any of the seven immediately following taxation years; however, this carry-forward amount will only be creditable in a particular year to the extent that the individual's tax payable for the year, calculated without reference to the minimum tax provisions, exceeds the tax payable under the minimum tax provisions for the year.

BECAUSE THE TAX CONSEQUENCES OF ACQUIRING, HOLDING OR DISPOSING OF THE OFFERED SECURITIES MAY VARY DEPENDING ON THE PARTICULAR CIRCUMSTANCES OF EACH HOLDER AND OTHER FACTORS, HOLDERS ARE URGED TO CONSULT WITH THEIR OWN TAX ADVISORS TO DETERMINE THE PARTICULAR TAX CONSEQUENCES TO THEM OF ACQUIRING, HOLDING OR DISPOSING OF THE OFFERED SECURITIES.

PRINCIPAL SECURITYHOLDERS

To the knowledge of the directors and officers of the Company, as of the date of this Prospectus no person beneficially owns or exercises control or direction over Common Shares carrying more than 10% of the votes attached to the Shares except for the following:

	Prior to the Offering		**After Giving Effect to the Offering**		
Name	Number of Common Shares Held and Type of Ownership	Percentage of Common Shares Held(1)	Number of Common Shares Held	Percentage of Common Shares Held(2)	Percentage of Common Shares Held on a Fully Diluted Basis(3)
Barry Hartley	1,760,000 (Indirect)	26.7%	1,760,000	17.00%	15.00%
	980,000 (Direct)	14.9%	1,646,667(4)	15.91%	14.04%
Brent Hahn	1,760,000 (Indirect)	26.7%	1,760,000	17.00%	15.00%
	930,000 (Direct)	14.1%	1,596,667(4)	15.43%	13.62%

Notes:

(1) Based on 6,580,000 Shares issued and outstanding on the date of this Prospectus

(2) On an undiluted basis based on 10,350,000 Shares issued and outstanding on completion of the Offering (see *"Consolidated Capitalization"* above).

(3) Based on 11,727,000 Shares issued and outstanding on a fully-diluted basis (see *"Consolidated Capitalization"* above).

(4) Barry Hartley and Brent Hahn will each purchase 666,667 additional shares through the initial public offering.

DIRECTORS AND EXECUTIVE OFFICERS

Name, Occupation and Security Holdings

The following table provides the name, province and country of residence, position and offices held with the Company and principal occupations during the preceding five years of each of the directors and executive officers of the Company.

Name, Province and Country of Residence and Position with the Company	Date of Appointment	Principal Occupation for the Past Five Years
Barry Hartley **British Columbia, Canada** ***President, Chief Financial Officer, Corporate Secretary and Director***	Director and President: March 9, 2010; CFO and Corporate Secretary: March 9, 2010	March 2005 – Current: Partner with Dale Matheson Carr-Hilton LaBonte LLP; July 2008 – May 2011: Director and CFO of Tajiri Ventures Corp.; August 2006 – May 2010: Director of Gravis Energy Corp.
Brent Hahn(1) **British Columbia, Canada** ***Chief Executive Officer and Director***	Director: September 28, 2010; CEO: September 28, 2010	January 1979 – Current: Businessman; 1996 – 2006: co-owner/director of Coast Country Insurance; July 2006 – January 2008: Director of Axxent Media Inc. (OTC BB)
Iqbal Boga(2) **British Columbia, Canada** ***Director***	April 30, 2011	September 1993 – August 2007: Chartered Accountant; February 2011 – Current: CFO, Secretary and Director of Otish (TSXV-OEI); September 2003 – Current: CFO, Secretary and Director of Taku Gold Corp. (TSXV-TAK); April 2011 – Current: CFO, Director and Secretary of Tajiri Gold Corp. (TSXV-TAJ); Director, CFO and Corporate Secretary for other Exchange-listed companies.
Manfred Peschke(1) **Yukon, Canada** ***Director***	April 30, 2011	January 1979 – Current: President of Resource Intertrade Ltd.; January 1995 – Current: Director and Chairman of the Audit Committee of Infinito Gold Ltd.; 1993-1994: Director of Carson Gold Mines Inc.
Jim McCrea **British Columbia, Canada** ***Director***	February 1, 2011	June 1999 – Current; Geologist; October 2009 – Current: Director/Geologist for Quantum Rare Earth Developments Corp. (QRE-TSXV); February 2011 – Current: Vice President of Exploration for Aguila American Resources Ltd. (AGL-TSXV)

(1) Denotes a member of the Audit Committee of the Company.
(2) Denotes the Chair of the Audit Committee of the Company.

Each director holds office until the next annual general meeting of shareholders or until a successor is elected or appointed.

As at the date of this Prospectus, the directors and executive officers of the Company as a group beneficially own, or control or direct, directly or indirectly, an aggregate of 5,730,000 Shares, which is equal to 87.08% of the Shares issued and outstanding as at the date of this Prospectus.

Corporate Cease Trade Orders

None of the directors or executive officers of the Company is, as at the date of the Prospectus, or was within the past 10 years, a director, chief executive officer or chief financial officer of any company (including the Company) that: (a) was subject to a cease trade order or similar order or an order that denied such company access to any exemption under securities legislation for a period of more than 30 consecutive days that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer such company; or (b) was subject to a cease trade order or similar order or an order that denied such company access to any exemption under securities legislation for a period of more than 30 consecutive days that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer of such company and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer of such company.

No director or executive officer of the Company or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

(i) is, as at the date of this Prospectus, or has been within the ten years before the date hereof, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(ii) has, within the ten years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Penalties or Sanctions

No director or executive officer of the Company or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to:

(i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement with a regulatory authority (excluding settlement agreements entered into before December 31, 2000 where the particulars of such settlement agreements would not be likely to be considered important to a reasonable investor in making an investment decision); or

(ii) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

Some of the directors and officers of the Company are or may be engaged in business activities on their own behalf and on behalf of other corporations and situations may arise where some of the directors or officers may be in potential conflict of interest with the Company. Conflicts, if any, will be subject to the procedures and remedies under the *Business Corporations Act* (British Columbia).

The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interests, which they may have in any project or opportunity of the Company. If a conflict of interest arises in respect of any matter, any director in a conflict will disclose his interest and abstain from voting on such matter.

Management

The following additional information is provided for each member of management of the Company:

Barry Hartley (Age: 43) - Director, President, Corporate Secretary and Chief Financial Officer

Mr. Hartley is a partner with Dale Matheson Carr-Hilton LaBonte LLP, Chartered Accountants, and specializes in the audit of public venture companies. He is the a former director and CFO of Tajiri Ventures Corp, a CPC, which recently completed a QT. Previously, he was a director and CFO of Gravis Energy Corp., a BC reporting issuer listed on the CNSX. Mr.Hartley will devote approximately 25% of his time to the Issuer and provide accounting, management and administrative services.

Brent Hahn (Age 52) – Director and Chief Executive Officer

Since 1979 Mr. Hahn has been an entrepreneur building businesses from the ground up. From the oil patch, construction and an automotive franchise, he has built and sold a number of successful businesses. He built a chain of retail multi media outlets across Canada in 1986. The outlets grew from one location to 56, generating $15 million in sales annually. From 1996 until 2006 he was co-owner/director of Coast Country Insurance, with five locations on Vancouver Island and annual sales of $20+ million per year. From July 2006- July 2007 Mr. Hahn was acting President of Axxent Media Inc. a multi-media public company quoted on the OTC-BB. From 2007 until now Mr. Hahn has been involved in the development of several mining and exploration projects and is currently enrolled at BCIT in their Mining and Minerals Exploration extension program. He will devote approximately 75% of his time to the Issuer and provide accounting, management and administrative services. Mr. Hahn will also serve as a member of the audit committee.

Jim McCrea (Age 51) - Director

Mr. McCrea has more than 22 years experience in exploration and mining geology, and 15 years experience in mineral resource estimation. His experience was gained through working for junior mining/exploration companies and engineering companies SRK and Snowden. His geological expertise ranges from technical review and due diligence to resource estimation and feasibility studies. He has experience in a range of commodities, but primarily gold, silver and copper, in a variety of geographic settings around the world with particular focus on North and South America. Having performed ore body modelling and resource estimation for the successfully targeted take over company Cumberland Resources Ltd. by Agnico-Eagle Mines Ltd. and more recently he has completed mineral resource estimations underpinning ongoing or future feasibility studies for companies such as Silver Standard Resources Inc., Norsmont Mining Inc. and Candente Resource Corp. Mr. McCrea will devote approximately 10% of his time to the Company and serve as the Issuer's qualified person.

Manfred Peschke (Age 72) – Director

Mr. Peschke has obtained three years of vocational training in business and accounting in Germany and has taken a three year business Management Certificate course from the University of Alberta. He began his career in the Yukon as an Accountant for the Keno Hill Mine's. He then joined the Caterpillar dealer in the Yukon where he became the company's controller. Following his experience with Caterpillar, he founded his own consulting company for the mining industry and also co-founded Data Systems Processing which produced information systems for Municipal, Territorial and Federal Governments as well as large corporate clients. Later he was Managing Director during the development of an alluvial mining company which was one of the largest in the Yukon at that time. He followed this by forming a private company dedicated to mining and exploration which was subsequently moved to South America. In South America he was a Director for Carson Gold Mines Inc., a TSX-V listed company, where he oversaw the exploration of a number of gold properties in Venezuela. He and two partners founded Infinito Gold Ltd. in 1995 and brought it public on the TSX-V in 1996. Until 2004, he was President of Infinito and had overall responsibility for all aspects of operating the Company. Currently he is a director and chairman of the audit committee of Infinito Gold Ltd. Mr. Peschke will devote approximately 5% of his time to the Company and serve as a member of the audit committee and Chairman.

Iqbal Boga (Age 62) – Director

Iqbal Boga is a Chartered Accountant. He is currently the CFO, Secretary and a director of Otish (TSX-V OEI) and Taku Gold Corp. (TSX-V TAK), both mineral exploration companies listed on the Exchange. Mr. Boga was a sole practitioner with I. J. Boga, Chartered Accountant from 1993 to August 2007. He has acted as a director, Chief

Financial Officer and Corporate Secretary for various Exchange-listed companies. Mr. Boga was an officer and director of four capital pool companies, all of which have completed Qualifying Transactions. Mr. Boga holds a Bachelor of Science (Hons) in Chemistry from the University of London, England and a Bachelor of Commerce (Hons) from the University of Windsor, Canada. Mr. Boga will devote approximately 5% of his time to the Company and serve as a member of the audit committee.

EXECUTIVE COMPENSATION

Named Executive Officers

For the purposes of this Executive Compensation Disclosure, a Named Executive Officer **("NEO")** of the Company means each of the following individuals:

(a) a chief executive officer **("CEO")** of the Company;

(b) a chief financial officer **("CFO")** of the Company,

(c) each of the Company's three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than $150,000 as determined in accordance with subsection 1.3(6) of Form 51-102F6, for the December 31, 2010 financial year; and

(d) each individual who would be a NEO under paragraph (c) but for the fact that the individual was neither an executive officer, nor acting in a similar capacity at December 31, 2010.

The Company currently has two Named Executive Officers, Barry Hartley, the CFO, Corporate Secretary and President of the Company and Brent Hahn, the CEO of the Company. Mr. Hartley was appointed CFO and Corporate Secretary on March 9, 2010 and Mr. Hahn was appointed CEO on September 28, 2010. Both were Named Executive Officers during the fiscal year ended December 31, 2010.

Compensation

Discussion and Analysis

The Company does not have a compensation committee and the Board is responsible for determining all forms of compensation, including incentive stock options, granted to the officers and directors of the Company, and for reviewing recommendations respecting compensation, to ensure such arrangements reflect the responsibilities and risks associated with each position. When determining the compensation of its officers, the Board considers: i) recruiting and retaining executives critical to the success of the Company and the enhancement of shareholder value; ii) providing fair and competitive compensation; iii) balancing the interests of management and the Company's shareholders; and iv) rewarding performance, both on an individual basis and with respect to operations in general.

With respect to forms of compensation, historically the Company has not paid any compensation to its executive officers other than 500,000 shares with a fair value of $25,000 issued to a company controlled by the CEO of the Company and 500,000 shares with a fair value of $25,000 issued to a company controlled by the President of the Company. Further, the Issuer entered into corporate services agreements with these 2 companies on May 20, 2011 for $2,000 per month each effective as of the date of listing. The Company does not have any form of pension plan. Subsequent to the completion of the Offering, it is expected that the forms of compensation will be comprised of incentive stock options and possibly cash consulting fees. The Board has the discretion to pay cash bonuses to the executive officers, however, there is no formal bonus plan or other formal arrangements pursuant to which bonuses may be earned and the Company did not pay any bonuses to its executive officers in the financial year ended December 31, 2010.

The Company's process for determining executive compensation is done on a case-by-case basis and involves discussion by the Board of the factors the Board deems relevant to each case. There are no formally defined objectives, benchmarks criteria and analysis that are used in all cases.

Option-based awards

In connection with the Offering and the proposed listing of the Shares on the Exchange, the Company has adopted the Plan, being an incentive stock option plan. The Plan will be used to provide share purchase options which will be granted in consideration of the level of responsibility of the executive as well as his or her impact or contribution to the longer-term operating performance of the Company. In determining the number of options to be granted to the executive officers, the Board will take into account the number of options, if any, previously granted to each executive officer, and the exercise price of any outstanding options to ensure that such grants are in accordance with the policies of the Exchange, and closely align the interests of the executive officers with the interests of shareholders.

The Board has the responsibility to administer the compensation policies related to the executive management of the Company, including option-based awards.

Summary Compensation Table

Tabular Disclosure

The following table (presented in accordance with National Instrument Form 51-102F6 - **"Form 51-102F6")** sets forth all direct and indirect compensation provided to the Named Executive Officer, for the financial year ended December 31, 2010.

Name and Principal Position (NEO)	Year	Salary	Share-Based Awards ($)	Option-Based Awards ($)	Annual Incentive Plans	Long-term Incentive Plans	All Other Compensation	Total Compensation ($)
Barry Hartley	2010		25,000	-	-	-	-	25,000
Brent Hahn	2010	-	25,000	-	-	-	-	25,000

The Company did not pay any compensation to the NEO in the financial year ended December 31, 2010 other than as detailed above. There are no employment agreements or arrangements in place between the Company and the NEO.

Aside from the issuance of Stock Options and the corporate services agreements entered into on May 20, 2011, the Company does not have any current intention to make any material changes to the compensation of its NEOs. As discussed above, the Company has the discretion to provide additional compensation to the NEOs if warranted, as determined on a case-by-case basis from time to time. Subsequent to December 31, 2010, the Company granted 200,000 Stock Options to Barry Hartley and 200,000 Stock Options to Brent Hahn having an exercise price of $0.15 and expiring five years from the Closing Date. As per the corporate services agreements, both Southern Cross Management Inc., (controlled by – Barry Hartley), and 470862 Alberta Ltd., (controlled by – Brent Hahn), will receive a monthly fee of $2,000 plus HST each.

Incentive Plan Awards

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth information concerning all awards outstanding under incentive plans of the Company at the end of the most recently completed financial year, including awards granted before the most recently completed financial year, to each of the Named Executive Officers:

Name	Option-Based Awards			Share-Based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price ($)	Option Expiration Date	Value of Unexercised In-The-Money Options ($)	Number of Shares or Units of Shares that Have not Vested (#)	Market or Payout Value of Share-Based Awards that Have not Vested
Barry Hartley	N/A	-	-	-	-	-
Brent Hahn	N/A	-	-	-	-	-

Incentive Plan Awards – Value Vested or Earned During the Year

The Company does not have any incentive plans pursuant to which compensation depends on achieving certain performance goals or similar conditions within a specified period is awarded, earned, paid or payable to the NEOs. No options vested during the year. During the fiscal year ended December 31, 2010 and prior to that, the Company did not have any form of incentive plan. As discussed above, in connection with the Offering and the proposed listing of the Shares on the Exchange, the Company has adopted the Plan, being an incentive stock option plan. The maximum aggregate number of Shares that may be reserved for issuance under the Plan is 10% of the issued shares of the Company at the time that an option is granted. As discussed above, since the adoption of the Plan, the Company has granted 200,000 Stock Options to each of the current NEOs.

The Plan is a "rolling" stock option plan pursuant to which a maximum of 10% of the issued and outstanding Shares at the time an option is granted may be reserved for issuance pursuant to the exercise of incentive stock options. The Plan is administered by the Board and options may be granted at the discretion of the Board to eligible optionees (the **"Optionees"**) under the Plan.

While the Plan is in effect there can never be more than 10% of the Company's issued and outstanding Shares reserved for issuance pursuant to the exercise of Stock Options at any point in time.

Eligible Optionees

Under the policies of the Exchange, to be eligible for the issuance of a Stock Option under the Plan an Optionee must either be a director, officer, consultant or an employee of the Company or a company providing management or other services to the Company or a subsidiary of the Company at the time the option is granted (an **"Eligible Optionee"**).

Stock Options may be granted only to an individual or to a non-individual that is wholly owned by individuals eligible for an option grant. If the option is granted to a non-individual, it must provide the Exchange with an undertaking that it will not permit any transfer of its securities, nor issue further securities, to any individual or other entity as long as the option remains in effect, without the consent of the Exchange.

Material Terms of the Option Plan

The following is a summary of the material terms of the Option Plan:

(a) the Board may from time to time, in its discretion, and in accordance with the Exchange requirements and the terms of the Plan, grant options to Eligible Optionees;

(b) the number of Shares reserved for issuance pursuant to the exercise of options granted under the Plan will not exceed 10% of the issued and outstanding Shares;

(c) all options granted under the Option Plan are non-assignable and non-transferable and exercisable for a period of up to five years from the date of granting thereof;

(d) subject to a minimum exercise price of $0.10, the exercise price of an option granted under the Plan must be no less than the closing market price of the Shares prevailing on the day preceding the day that the option is granted less a discount of up to 25%, the amount of the discount varying with market price in accordance with the policies of the Exchange;

(e) the Plan contains no vesting requirements, but permits the Board to specify a vesting schedule in its discretion;

(f) the number of Shares which may be issued to any one individual pursuant to the exercise of options may not exceed 5% of the issued Shares on a yearly basis;

(g) the number of Shares which may be issued to any one consultant pursuant to the exercise of options may not exceed 2% of the issued Shares on a yearly basis;

(h) the number of Shares which may be issued, in the aggregate, to a person conducting investor relations activities may not exceed 2% of the issued Shares on a yearly basis;

(i) for stock options granted to employees or service providers (inclusive of management company employees), the Company must ensure that the proposed Optionee is a bona fide employee or service provider (inclusive of management company employees), as the case may be, of the Company or any subsidiary; and

(j) if an Optionee ceases to be an Eligible Optionee, any options held by such Optionee shall expire no later than 90 days from the date such Optionee ceases to be an Eligible Optionee (or 30 days if the Optionee is engaged in investor relations activities). On death or disability of an Optionee, any options held by such Optionee shall expire no later than one year from the date of death or disability.

Pension Plan Benefits

The Company does not have any form of pension plan that provides for payments or benefits to the Named Executive Officers at, following, or in connection with retirement. The Company does not have any form of deferred compensation plan.

Termination and Change of Control Benefits

The Company has no contracts, agreements, plans or arrangements that provide for payments to a Named Executive Officer at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, change in control of the company or change in a Named Executive Officer's responsibilities.

Director Compensation - Director Compensation Table

The following table sets forth all amounts of compensation provided to the directors, who are each not also Named Executive Officers, for the Company’s most recently completed financial year:

Director Name	Fees Earned	Share-Based Awards ($)	Option-Based Awards ($)	Non-Equity Incentive Plan Compensation ($)	Pension Value	All Other Compensation	Total Compensation
Iqbal Boga	-	-	-	-	-	-	-
Manfred Peschke	-	-	-	-	-	-	-

Jim McCrea	-	-	-	-	-	-	-

Narrative Discussion

The Company has no arrangements, standard or otherwise, pursuant to which directors were compensated by the Company for their services as directors, for committee participation, for involvement in special assignments or for services as consultant or expert during the most recently completed financial year.

As discussed above, the Company has adopted the Plan for the purpose of granting incentive stock options to the directors, officers, employees and other eligible persons. The purpose of granting such options will be to assist the Company in compensating, attracting, retaining and motivating the directors of the Company and to closely align the personal interests of such persons to that of the shareholders. Since December 31, 2010, the Company has granted 200,000 Stock Options to each of the directors named in the table above having an exercise price of $0.15 and expiring five years from the Closing Date.

Incentive Plan Awards - Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth information concerning all awards outstanding under incentive plans of the Company at the end of the most recently completed financial year, including awards granted before the most recently completed financial year, to each of the Directors who are not Named Executive Officers:

Name	**Option-Based Awards**			**Share-Based Awards**		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price ($)	Option Expiration Date	Value of Unexercised In-The-Money Options ($)	Number of Shares or Units of Shares that Have not Vested (#)	Market or Pyaout Value of Share-Based Awards that Have not Vested
Iqbal Boga	N/A	-	-	-	-	-
Manfred Peschke	N/A	-	-	-	-	-
Jim McCrea	N/A	-	-	-	-	-

Incentive Plan Awards - Value Vested Or Earned During The Year

The Company does not have any incentive plans, pursuant to which compensation that depends on achieving certain performance goals or similar conditions within a specified period is awarded, earned, paid or payable to the Directors.

No options vested during the year.

Narrative Discussion

During the fiscal year ended December 31, 2010 and prior to that, the Company did not have any form of incentive plan. As discussed above, in connection with the Offering and the proposed listing of the Shares on the Exchange, the Company has adopted the Plan, being an incentive stock option plan. The maximum aggregate number of Shares that may be reserved for issuance under the Plan is 10% of the issued shares of the Company at the time that an option is granted. As discussed above, since the adoption of the Plan, the Company has granted 200,000 Stock Options to each of the directors.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As at the date of this Prospectus, there was no indebtedness outstanding of any current or former director, executive officer or employee of the Company which is owing to the Company or to another entity which is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company, entered into in connection with a purchase of securities or otherwise.

No individual who is, or at any time during the most recently completed financial year was, a director or executive officer of the Company and no associate of such persons:

(i) is or at any time since the beginning of the most recently completed financial year has been, indebted to the Company; or

(ii) whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or its subsidiaries,

whether in relation to a securities purchase program or other program or otherwise.

AUDIT COMMITTEE DISCLOSURE

Audit Committee Charter

The following is the text of the Audit Committee's Charter:

Overall Purpose / Objectives

The Audit Committee will assist the board of directors (the **"Board"**) in fulfilling its responsibilities. The Audit Committee will review the financial reporting process, the system of internal control and management of financial risks, the audit process, and the Company's process for monitoring compliance with laws and regulations and its own code of business conduct. In performing its duties, the committee will maintain effective working relationships with the Board of Directors, management, and the external auditors and monitor the independence of those auditors. To perform his or her role effectively, each committee member will obtain an understanding of the responsibilities of committee membership as well as the Company's business, operations and risks.

Authority

The Board authorizes the audit committee, within the scope of its responsibilities, to seek any information it requires from any employee and from external parties, to obtain outside legal or professional advice and to ensure the attendance of Company officers at meetings as appropriate.

Organization

Membership

The Audit Committee will be comprised of at least three members who are directors, a majority of which are not officers or employees of the Company.

The chairman of the Audit Committee will be nominated by the committee from time to time. A quorum for any meeting will be two members.

The secretary of the Audit Committee will be the Company secretary, or such person as nominated by the Chairman.

Attendance at Meetings

The Audit Committee may invite such other persons (e.g. the President or Chief Financial Officer) to its meetings, as it deems appropriate.

Meetings shall be held not less than four times a year. Special meetings shall be convened as required. External auditors may convene a meeting if they consider that it is necessary.

The proceedings of all meetings will be minuted.

Roles and Responsibilities

The Audit Committee will:

Gain an understanding of whether internal control recommendations made by external auditors have been implemented by management.

Gain an understanding of the current areas of greatest financial risk and whether management is managing these effectively.

Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements.

Review any legal matters, which could significantly impact the financial statements as reported on by the general counsel and meet with outside counsel whenever deemed appropriate.

Review the annual and quarterly financial statements including Management's Discussion and Analysis and annual and interim earnings press releases prior to public dissemination, including any certification, report, opinion, or review rendered by the external auditors and determine whether they are complete and consistent with the information known to committee members; determine that the auditors are satisfied that the financial statements have been prepared in accordance with generally accepted accounting principles.

Pay particular attention to complex and/or unusual transactions such as those involving derivative instruments and consider the adequacy of disclosure thereof.

Focus on judgmental areas, for example those involving valuation of assets and liabilities and other commitments and contingencies.

Review audit issues related to the Company's material associated and affiliated companies that may have a significant impact on the Company's equity investment.

Meet with management and the external auditors to review the annual financial statements and the results of the audit.

Evaluate the fairness of the interim financial statements and disclosures, and obtain explanations from management on whether:

(a) actual financial results for the interim period varied significantly from budgeted or projected results;

(b) generally accepted accounting principles have been consistently applied;

(c) there are any actual or proposed changes in accounting or financial reporting practices;

(d) there are any significant or unusual events or transactions which require disclosure and, if so, consider the adequacy of that disclosure.

Review the external auditors' proposed audit scope and approach and ensure no unjustifiable restriction or limitations have been placed on the scope.

Review the performance of the external auditors and approve in advance provision of services other than auditing. Consider the independence of the external auditors, including reviewing the range of services provided in the context of all consulting services bought by the company. The Board authorizes the Chairman of the Audit Committee to approve any non-audit or additional audit work which the Chairman deems as necessary and to notify the other members of the Audit Committee of such non-audit or additional work.

Make recommendations to the Board regarding the reappointment of the external auditors and the compensation to be paid to the external auditor.

Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.

Review and approve the Company's hiring policies regarding partners, employers and former partners and employees of the present and former external auditors of the Company.

Establish a procedure for:

(a) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;

(b) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters.

Meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately.

Endeavour to cause the receipt and discussion on a timely basis of any significant findings and recommendations made by the external auditors.

Ensure that the Board is aware of matters which may significantly impact the financial condition or affairs of the business.

Perform other functions as requested by the full Board.

If necessary, institute special investigations and, if appropriate, hire special counsel or experts to assist, and set the compensation to be paid to such special counsel or other experts.

Review and recommend updates to the charter; receive approval of changes from the Board.

Composition of Audit Committee

The members of the Company's Audit Committee are:

Brent Hahn	Not Independent[1]	Financially Literate[2]
Iqbal Boga	Independent[1]	Financially Literate[2]
Manfred Peschke	Independent[1]	Financially Literate[2]

(1) A member of an audit committee is independent if the member has no direct or indirect material relationship with the Company, which could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment. Mr. Hahn is not independent, as he is the Chief Executive Officer of the Company.

(2) An individual is financially literate if he has the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

Relevant Education and Experience

Each member of the Company's present Audit Committee has adequate education and experience that is relevant to his performance as an Audit Committee member and, in particular, the requisite education and experience that have provided the member with:

(a) an understanding of the accounting principles used by the Company to prepare its financial statements and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;

(b) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements or experience actively supervising individuals engaged in such activities; and

(c) an understanding of internal controls and procedures for financial reporting.

Brent Hahn: Since 1979 Mr. Hahn has been a hands on entrepreneur building businesses from the ground up. From the oil patch, construction and an automotive franchise, he has built and sold a number of successful businesses. He began building a chain of retail Multi Media outlets across Canada in 1986. Under his direction the outlets grew from one location to 56 in its prime, generating $15 million in sales anually. From 1996 until 2006 he was co-owner/director of Coast Country Insurance, with five locations on Vancouver Island and annual sales of $20+ million per year. From July 2006- July 2007 Mr. Hahn was acting Presiden of Axxent Media Inc. a multi-media public company quoted on the OTC BB. From 2007 until now Mr Hahn has been involved in the development of several Mining and Exploration Projects and is currently enrolled at BCIT in their Mining and Minerals Exploration extension program.

Iqbal Boga: Iqbal Boga is a Chartered Accountant. He is currently the CFO, Secretary and a director of Otish (TSX-V OEI) and Taku Gold Corp. (TSX-V TAK), both mineral exploration companies listed on the Exchange. Mr. Boga was a sole practitioner with I. J. Boga, Chartered Accountant from 1993 to August 2007. He has acted as a director, Chief Financial Officer and Corporate Secretary for various Exchange-listed companies. Mr. Boga was an officer and director of four capital pool companies, all of which have completed Qualifying Transactions. Mr. Boga holds a Bachelor of Science (Hons) in Chemistry fromthe University of London, England and a Bachelor of Commerce (Hons) from the University of Windsor, Canada.

Manfred Peschke: Mr. Peschke has obtained three years of vocational training in business and accounting in Germany and has taken a three year business Management Certificate course from the University of Alberta. He began his career in the Yukon as an Accountant for the Keno Hill Mine’s. He then joined the Caterpillar dealer in the Yukon where he became the company’s controller. Following his experience with Caterpillar, he founded his own consulting company for the mining industry and also co-founded Data Systems Processing which produced information systems for Municipal, Territorial and Federal Governments as well as large corporate clients. Later he was Managing Director during the development of an alluvial mining company which was one of the largest in the Yukon at that time. He followed this by forming a private company dedicated to mining and exploration which was subsequently moved to South America. In South America he was a Director for Carson Gold Mines Inc., a TSX-V listed company, where he oversaw the exploration of a number of gold properties in Venezuela. He and two partners founded Infinito Gold Ltd. in 1995 and brought it public on the TSX-V in 1996. Until 2004, he was President of Infinito and had overall responsibility for all aspects of operating the Company. Currently he is a director and chairman of the audit committee of Infinito Gold Ltd.

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 *(De Minimis* Non-audit Services), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110. It is noted that the Company was not a reporting issuer in any jurisdiction during the applicable time period.

Pre-Approval Policies and Procedures

The Audit Committee is authorized by the Board to review the performance of the Company's external auditors and approve in advance provision of services other than auditing and to consider the independence of the external auditors, including a review of the range of services provided in the context of all consulting services bought by the Company. The Audit Committee is authorized to approve in writing any non-audit services or additional work which the Chairman of the Audit Committee deems is necessary, and the Chairman will notify the other members of the

Audit Committee of such non-audit or additional work and the reasons for such non-audit work for the Committee's consideration, and if thought fit, approval in writing.

External Auditor Service Fees

The aggregate fee billed by the Company's external auditors in the last fiscal year is as follows:

Financial Year End	Audit Fees	Audit Related Fees*[1]	Tax Fees*[2]	All other Fees*[3]
December 31, 2010	$ 6,000	$ NIL	$ NIL	$Nil

(1) Fees charged for assurance and related services that are reasonably related to the performance of an audit, and not included under Audit Fees.
(2) Fees charged for tax compliance, tax advice and tax planning services.
(3) Fees for services other than disclosed in any other column.

Exemption

The Company is relying upon the exemption provided by section 6.1 of NI 52-110 pursuant to which the Company is not required to comply with Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

CORPORATE GOVERNANCE DISCLOSURE

General

NP 58-201 establishes corporate governance guidelines, which apply to all public companies. The Company has reviewed its own corporate governance practices in light of these guidelines. In certain cases, the Company's practices comply with the guidelines, however, the Board considers that some of the guidelines are not suitable for the Company at its current stage of development and therefore these guidelines have not been adopted. The following disclosure of corporate governance practices is made in accordance with the provisions of NI 58-101.

The Board is comprised of five (5) individuals, of whom each of Iqbal Boga, Manfred Peschke and Jim McCrea are independent for the purposes of NI 58-101. Barry Hartley is a member of the Company's management and is not independent as he serves as Chief Financial Officer, Corporate Secretary and President of the Company. Brent Hahn is also a member of the Company's management and is not independent as he serves as Chief Executive Officer of the Company.

The size of the Company is such that all the Company's operations are conducted by a small management team which is also represented on the Board. The Board considers that management is effectively supervised by the independent directors on an informal basis as the independent directors are actively and regularly involved in reviewing and supervising the operations of the Company and have regular and full access to management. The independent directors are however able to meet at any time without any members of management including the non-independent directors being present. Further supervision is performed through the audit committee, which is composed of a majority of independent directors who meet with the Company's auditors without management being in attendance. The independent directors exercise their responsibilities for independent oversight of management through their majority control of the Board.

Directorships

The following directors are also presently directors of the following reporting issuers:

Name of Director	Name of Other Reporting Issuer
Jim McCrea	Quantum Rare Earth Development Corp. Aguila American Resources Ltd.
Iqbal Boga	Otish Energy Inc. Taku Gold Corp.
Manfred Peschke	Infinito Gold Ltd.

Orientation and Continuing Education

New Board members receive an orientation package which includes reports on operations and results, and any public disclosure filings by the Company, as may be applicable. Board meetings are sometimes held at the Company's offices and, from time to time, are combined with presentations by the Company's management to give the directors additional insight into the Company's business. In addition, management of the Company makes itself available for discussion with all Board members.

Ethical Business Conduct

The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

Nomination of Directors

The Board considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of view and experience.

The Board does not have a nominating committee, and these functions are currently performed by the Board as a whole. However, if there is a change in the number of directors required by the Company, this policy will be reviewed.

Compensation

The Company does not have a compensation committee and the Board is responsible for determining all forms of compensation, including incentive stock options, granted to the directors of the Company, and for reviewing recommendations respecting compensation, to ensure such arrangements reflect the responsibilities and risks associated with each position. When determining the compensation of its officers, the Board considers: i) recruiting and retaining executives critical to the success of the Company and the enhancement of shareholder value; ii) providing fair and competitive compensation; iii) balancing the interests of management and the Company's shareholders; and iv) rewarding performance, both on an individual basis and with respect to operations in general.

The Company's process for determining compensation is done on a case by case basis and involves discussion by the Board of the factors the Board deems relevant to each case. There are no formally defined objectives, benchmarks criteria and analysis that are used in all cases.

Other Board Committees

The Board has no committees other than its audit committee.

Assessments

The Board does not consider that formal assessments would be useful at this stage of the Company's development. The Board conducts informal annual assessments of the Board's effectiveness, the individual directors and each of its committees.

RISK FACTORS

The Company is engaged in mineral exploration and related activities, which, by their nature, are speculative due to the high-risk nature of the business and the present stage of the various properties. The Offered Securities should be considered a highly speculative investment due to the nature of the Company's business. Prospective investors should carefully consider the risk factors set out below and the other information contained in this Prospectus, including the historical financial statements of the Company and the notes thereto, prior to making an investment in the Offered Securities. Such risk factors could materially affect the Company's future financial results and could cause actual results and events to differ materially from those described in forward-looking statements and forward-looking information relating to the Company or the business, property or financial results, any of which could cause investors to lose part or all of their investment in the Offered Securities.

No History of Earnings

The Company has no history of earnings. The Company's property interests are in the exploration stage and there are no known commercial quantities of mineral reserves on the Company's property interests. There is no assurance that any of the Company's property interests will generate earnings, operate profitably or provide a return on investment in the future. The Company has not paid dividends in the past and has no plans to pay dividends for the foreseeable future. The future dividend policy of the Company will be determined by its directors.

Discretion Regarding Use of the Proceeds of this Offering

The Company currently intends to allocate the net proceeds of this Offering as described above under "Use of Proceeds". However, the Company's management will have discretion in the actual application of the net proceeds. The Company may elect to allocate proceeds differently than as described in "Use of Proceeds" if management believes it would be in the Company's best interests to do so. The failure by the Company's management to apply these funds effectively could have a material adverse effect on the Company, its business or its financial performance.

Additional funding will be required to complete future exploration programs on the Company's properties and to conduct any other exploration programs. If proposed exploration programs are successful, additional funds will be required for the development of any economic mineral body and to place it in commercial production. The only sources of future funds presently available to the Company are the sale of equity capital, or the offering by the Company of an interest in its properties to be earned by another party or parties carrying out exploration or development thereof. There is no assurance that any such funds will be available or will be available on terms favourable to the Company. Failure to obtain additional financing on a timely basis could cause the Company to reduce, delay, indefinitely postpone or terminate exploration, development or production of the Company's property interests or other acquired properties.

Uncertainty of Acquiring Required Licences and Permits

The operations of the Company will require licenses and permits from various governmental authorities. The Company believes it will be able to obtain in the future all necessary access agreements, licenses and permits to carry on the activities which it intends to conduct, and that it intends to comply in all material respects with the terms of such licenses and permits. There can be no guarantee, however, that the Company will be able to obtain, in a timely manner and on terms acceptable to the Company, and maintain all licenses and permits required to undertake its proposed exploration and development or to place its properties into commercial production and to operate mining facilities thereon. Any inability to obtain licenses or permits could potentially have a material adverse effect on the Company and its business.

Exploration and Development

All of the properties in which the Company has an interest are in the exploration stage only and are without an economic mineral deposit. Development of these mineral properties will only follow upon obtaining satisfactory exploration results, receipt of a positive feasibility study and access to adequate funding. Mineral exploration and development involves a high degree of risk and few properties, which are explored, are ultimately developed into producing mines. Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and the infrastructure at any site chosen for mining. There is no assurance that these mineral exploration and development activities will result in any discoveries of commercial mineral deposits. The long-term profitability of the Company's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors beyond the Company's control.

Operations

Mineral exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of minerals, any of which could result in work stoppages, damage to property, and possible environmental damage. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides, weather conditions and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in extraction operations and the conduct of exploration programs. The Company's exploration activities will be subject to the availability of third party contractors and equipment. In addition, the Kootenay Arc Property is located in an area which is subject to extremes of weather conditions. There are also physical risks to the exploration personnel. If any of the Company's properties is found to have commercial quantities of ore, the Company would be subject to additional risks respecting any development and production activities.

Marketing

There is no assurance that even if commercial quantities of minerals are discovered, a ready market will exist for their sale. Factors beyond the control of the Company may affect the marketability of any minerals discovered and the ability of the Company to receive an adequate return on investment capital. These factors include market fluctuations, the proximity and capacity of commercial markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital or issuing its investment capital.

Risks Relating to Statutory and Regulatory Compliance

The current and future operations of the Company, from exploration through development activities and commercial production, if any, are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, water use, environmental protection, mine safety and other matters. Companies engaged in exploration activities and in the development and operation of mines and related facilities may experience increased costs and delays in exploration, production and other schedules as a result of the need to comply with applicable laws, regulations and permits. Permits are subject to the discretion of government authorities and there can be no assurance that the Company will be successful in obtaining all required permits. Further, there can be no assurance that all permits which the Company may require for future exploration, construction of mining facilities and conduct of mining operations, if any, will be obtainable on reasonable terms or on a timely basis, or that such laws and regulations would not have an adverse effect on any project which the Company may undertake.

Failure to comply with applicable laws, regulations and permits may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities requiring operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or costly remedial actions. The Company may be required to compensate those suffering loss or damage by reason of its mineral exploration activities and may have civil or criminal fines or penalties imposed for violations of such laws, regulations and permits. The Company is not currently covered by any form of environmental liability insurance. See "Insurance Risk", below.

Existing and possible future laws, regulations and permits governing operations and activities of exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures or require abandonment or delays in exploration.

Environmental Risks

The Company's operations are subject to environmental regulations in jurisdiction where it operates. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner that means standards are stricter, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heighted degree of responsibility for companies, directors, officers and employees. The cost of compliance with governmental regulations or any change therein impacts the profitability of operations.

Insurance and Uninsured Risks

The Company's operations are subject to a number of risks and hazards, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological formations, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the Company's properties or the properties of others, delays in exploration, development or mining, monetary losses and legal liability.

Although the Company will maintain liability insurance in amounts which it considers reasonable, the nature of these risks is such that liabilities might exceed policy limits, the liabilities and hazards might not be insurable, or the Company may elect not to insure against such liabilities due to high premium costs or other reasons, in which event the Company could incur significant costs that could have a materially adverse effect upon its financial position.
The Company is not insured against environmental risks. Insurance against environmental risks (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration) has not been generally available to companies within the industry. Without such insurance, and if the Company becomes subject to environmental liabilities, the payment of such liabilities could have a material adverse effect upon its financial performance and results of operations.

Competition

The mining industry is intensely competitive in all its phases, and the Company competes with other exploration and mining companies, including for properties with the potential to produce precious and base metals, gemstones and energy minerals as well as access to experienced personnel, exploration equipment and other resources. Many of these companies have greater financial resources, operational experience and technical facilities than the Company. Competition could adversely affect the Company's ability to acquire suitable properties in the future. Consequently, the Company's operations and financial condition could be materially adversely affected.

Fluctuation of Mineral Prices

Factors beyond the control of the Company may affect the market price of minerals produced and the marketability of any ore or minerals discovered at and extracted from the Company's properties. Metal prices are subject to significant fluctuation and are affected by numerous factors beyond the Company's control including international economic and political trends, inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and increased production due to new and improved extraction and production methods. The effect of these factors on the Company's operations cannot accurately be predicted.

Management

The success of the Company's future business is largely dependent upon the efforts of a small management team. The loss of any key member could be detrimental if a suitable replacement could not be found at a comparable compensation level. The Company has not obtained key-man life insurance with respect to these individuals.

Title Matters

There is no guarantee that such title to or interests in the Company's property interests will not be challenged or impugned. The acquisition of title to mineral properties is a very detailed and time-consuming process. Title to and the area of mineral properties may be disputed. There is no guarantee of title to any of the Company's properties. The Company's properties may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects. The Company has not surveyed the boundaries of any of its properties and consequently the boundaries may be disputed.

Aboriginal Rights

Native land claims in British Columbia remain the subject of active debate and litigation. There can be no guarantee that the unsettled nature of land claims in British Columbia will not create delays in project approval or unexpected interruptions in project progress, or result in additional costs to advance the Company's operations.

No parts of the Scotch Creek property cover private land. The nearest native land is the Scotch Creek No. 4 Indian Reserve, located 0.75 km (0.46 mi) south of the southeastern corner of the SOUTHERN CROSS 3 (801662) claim. The region extending from Shuswap Lake to Little Shuswap and Adams lakes is part of the traditional territory of the Adams Lake, Little Shuswap, and Neskonlith native bands. Consultation with those bands will be necessary during the development of a mine on the Scotch Creek Property. Signal has not made contact with any of those native bands.

Possible Volatility of Stock Price

Securities of exploration companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. The Company's share price is likely to experience similar volatility and to be significantly affected by actual or anticipated variations in its respective results of operations, changes in financial estimates by securities analysts, liquidity of the Company's stock on any stock exchange, changes in metal prices, general market conditions and other factors. Market fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes or international currency fluctuations may also adversely affect the market price of the Company's shares.
Certain directors and officers of the Company are, and may continue to be, involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnerships or joint ventures which are potential competitors of the Company. Situations may arise in connection with potential acquisitions in investments where the other interests of these directors and officers may conflict with the interests of the Company. Directors and officers of the Company with conflicts of interest will be subject to and will follow the procedures set out in applicable corporate and securities legislation, regulation, rules and policies.

PROMOTERS

Barry Hartley may be considered to be a Promoter of the Company in that he took the initiative in founding and organizing the business of the Company.

(a) The number and percentage of securities of the Company beneficially owned, or controlled or directed, directly or indirectly, by Mr. Hartley is presented above under the heading *"Principal Securityholders";*

(b) The nature and amount of anything of value, including money, property, contracts, options or rights of any kind to be received by Mr. Hartley directly or indirectly from the Company, and the nature and amount of any assets, services or other consideration received or to be received by the Company from Mr. Hartley is presented above under the headings *"Executive Compensation", "Description of the Business - History - Acquisition of the Scotch Creek Property"* and *"Management's Discussion and Analysis -Transactions with Related Parties.*

(c) No assets have been acquired within the two years before the date of this Prospectus by the Company from Mr. Hartley with the exception of the Scotch Creek Property.

With regards to disclosure as to corporate cease trade orders, bankruptcies and penalties or sanctions in respect of Mr. Hartley, refer to the disclosure under the heading *"Directors and Executive Officers".*

LEGAL PROCEEDINGS

Legal Proceedings

There are no legal proceeding material to the Company that the Company is or was a party to, or that any of its property is or was the subject of, since March 9, 2010 (being the beginning of its most recently completed financial year). In addition, the Company is not currently aware of any such legal proceedings being contemplated.

Regulatory Actions

From incorporation of the Company to the date of this Prospectus, there have been no:

(i) penalties or sanctions imposed against the Company by a court relating to provincial and territorial securities legislation or by a securities regulatory authority;

(ii) other penalties or sanctions imposed by a court or regulatory body against the Company necessary for the Prospectus to contain full, true and plain disclosure of all material facts relating to the securities being distributed; and

(iii) settlement agreements the Company entered into before a court relating to provincial and territorial securities legislation or with a securities regulatory authority.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as disclosed below, no person that is:

(a) a director or executive officer of the Company;

(b) a person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of any class or series of the Company's outstanding voting securities; and

(c) an associate or affiliate of any of the persons or companies referred to in paragraphs (a) or (b),

has had any material interest, direct or indirect, in any transaction within the year before the date of this Prospectus that has materially affected or is reasonably expected to materially affect the Company.

- The Company acquired the Scotch Creek Property from Barry Hartley and Brent Hahn, both directors of the Company. Mr. Hartley received 1,000,000 Shares and Mr. Hahn received 1,000,000 Shares from the Company, at a deemed price of $0.006 per Share. Subsequent to March 31, 2011, the companies controlled by Barry Hartley and Brent Hahn contributed $10,000 each as a capital contribution to the Company without being issued any additional shares. This contribution served to increase the deemed value of these shares to $0.016.

- On October 25, 2011, companies controlled by the President and the Chief Executive Officer of the Company contributed $2,500 each as a capital contribution to the Company without being issued any additional common shares. This contribution served to increase the deemed value of these shares to $0.0185.

- On November 9, 2011, companies controlled by the President and the Chief Executive Officer of the Company contributed $17,750 each as a capital contribution to the Company without being issued any additional common shares.

RELATIONSHIP BETWEEN THE COMPANY AND THE AGENT

The Company is neither a "connected issuer" nor "related issuer" to the Agent, as such terms are defined in National Instrument 33-105 *Underwriting Conflicts.*

AUDITORS

The auditors of the Company are:

Saturna Group Chartered Accountant LLP
1250 - 1066 West Hastings Street
Vancouver, BC V6E 3X1
Phone: 604-630-5100
Fax: 1-888-870-1720

REGISTRAR AND TRANSFER AGENT

Equity Financial Trust Company, through its office in Vancouver, British Columbia, is the transfer agent and registrar for the Shares.

MATERIAL CONTRACTS

The following are the only material contracts entered into by the Company: (a) since the beginning of the financial year ended December 31, 2010 and (b) up until the date of this Prospectus:

- the Engagement Letter, dated April 26, 2011, as more particularly described under the heading *"Plan of Distribution";* and
- the Scotch Creek Agreement, dated February 23, 2010, as more particularly described under the heading *"Description of the Business - History - Acquisition of the Scotch Creek Property"*.
- the Corporate Services Agreements, dated May 20, 2011, as more particularly described under the heading *"Executive Compensation – Summary Compensation Table"*.
- the Stock Option Plan of the Company.
- The Stock Option Agreements, dated October 31, 2011, as more particularly described under the heading "*Description of Securities Distributed - Options to Purchase Securities*".
- the Escrow Agreement, to be entered into, among the Company, Equity Financial Trust Company and certain shareholders of the Company. See "*Description of Securities Distributed – Escrowed Securities."*
- The Registrar and Transfer Agent Agreement dated June 30, 2011 between the Company and Equity Financial Trust Company. See "Registrar and Transfer Agent."

The foregoing list excludes material contracts entered into in the ordinary course of business except for those required to be disclosed pursuant to NI 41-101. Copies of the material contracts are available for review on the Company's profile at www.sedar.com.

EXPERTS

The following persons or companies whose profession or business gives authority to the report, valuation, statement or opinion made by the person or company are named in this Prospectus as having prepared or certified a report, valuation, statement or opinion in this Prospectus:

- Saturna Group Chartered Accountants LLP, auditors of the Company, prepared the audit report on the Company's audited financial statements included in and forming part of this Prospectus. Saturna Group Chartered Accountants LLP reports that they are independent of the Company in accordance with the rules of professional conduct of the Institute of Chartered Accountants of British Columbia.
- The Technical Report along with the accompanying certificate of qualified person and consent of qualified person have been prepared by John Ostler, is an independent qualified person (a **"Qualified Person"),** as defined in NI 43-101. Based on information provided by the relevant person, John Ostler does not have any registered or beneficial interest in any securities or other property of the Company or of an associated party or an affiliate of the Company.
- The information in this Prospectus under the headings "Eligibility for Investment" and "Certain Federal Income Tax Considerations" has been included in reliance upon the opinion of Legacy Tax + Trust Lawyers.

OTHER MATERIAL FACTS

Other than as disclosed in this Prospectus, there are no other material facts about the securities being distributed pursuant to this Offering that are not disclosed under any other items and are necessary in order for this Prospectus to contain full, true and plain disclosure of all material facts relating to the Offered Securities to be distributed.

RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in the Provinces of British Columbia and Alberta provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission, revisions of the price, or damages if this Prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

SATURNA GROUP
CHARTERED ACCOUNTANTS LLP

1066 West Hastings Street, Suite 1250
Vancouver, BC Canada V6E 3X1

SIGNAL EXPLORATION INC.

Financial Statements

December 31, 2010

SATURNAGROUP
CHARTERED ACCOUNTANTS LLP

1066 West Hastings Street, Suite 1250
Vancouver, BC Canada V6E 3X1

INDEPENDENT AUDITORS' REPORT

To the Directors of Signal Exploration Inc.

We have audited the statement of financial position of Signal Exploration Inc. as at December 31, 2010 and the statements of comprehensive loss, changes in equity, and cash flows for the period from March 9, 2010 (date of inception) to December 31, 2010, and the related notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also involves evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Signal Exploration Inc. as at December 31, 2010 and the results of its operations and its cash flows for the period then ended, in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 of the financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of Signal Exploration Inc. to continue as a going concern.

<u>/s/ SATURNA GROUP CHARTERED ACCOUNTANTS LLP</u>

Saturna Group Chartered Accountants LLP

Vancouver, Canada

June 8, 2011 (except as to Note 9, which is dated as of November 14, 2011)

SIGNAL EXPLORATION INC.
Statement of Financial Position

		December 31, 2010
Assets		
Current assets		
Cash	$	428
Amounts receivable		17,664
Total current assets		18,092
Non-current assets		
Exploration and evaluation assets (Note 3)		124,536
Total assets	$	142,628
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities	$	7,141
Due to related parties (Note 4)		8,110
Total liabilities		15,251
Shareholders' equity		
Share capital (Note 5)		226,000
Share subscriptions receivable (Note 5)		(48,000)
Deficit		(50,623)
Total shareholders' equity		127,377
Total liabilities and shareholders' equity	$	142,628

Nature of operations and continuance of business (Note 1)
Subsequent events (Note 9)

Approved on behalf of the Board:

/s/ "Barry Hartley"	*/s/ "Brent Hahn"*
Barry Hartley, Director	Brent Hahn, Director

(The accompanying notes are an integral part of these financial statements)

SIGNAL EXPLORATION INC.
Statement of Comprehensive Loss

		Period from March 9, 2010 (date of inception) to December 31, 2010
Revenue	$	–
Expenses		
General and administrative		623
Management fees (Note 4)		50,000
Total expenses		50,623
Net and comprehensive loss	$	(50,623)
Basic and diluted loss per share	$	(0.02)
Weighted average shares outstanding		2,035,605

(The accompanying notes are an integral part of these financial statements)

SIGNAL EXPLORATION INC.
Statement of Changes in Equity
From March 9, 2010 (date of inception) to December 31, 2010

	Share capital		Share subscriptions receivable	Deficit	Total shareholders' equity
	Number	Amount			
Balance, March 9, 2010	–	$ –	$ –	$ –	$ –
Common shares issued to acquire mineral property	2,000,000	12,000	–	–	12,000
Common shares issued for cash	3,280,000	164,000	(48,000)	–	116,000
Common shares issued for management services	1,000,000	50,000	–	–	50,000
Net loss for the period	–	–	–	(50,623)	(50,623)
Balance, December 31, 2010	6,280,000	$ 226,000	$ (48,000)	$ (50,623)	$ 127,377

(The accompanying notes are an integral part of these financial statements)

SIGNAL EXPLORATION INC.
Statement of Cash Flows

		Period from March 9, 2010 (date of inception) to December 31, 2010
Cash provided by (used in):		
Operating activities		
Net loss for the period	$	(50,623)
Adjustments to net loss for non-cash items:		
Stock-based compensation		50,000
Changes in non-cash working capital items:		
Amounts receivable		(17,664)
Accounts payable and accrued liabilities		7,141
Due to related parties		8,110
Net cash used in operating activities		(3,036)
Investing activities		
Mineral property expenditures		(112,536)
Net cash used in investing activities		(112,536)
Financing activities		
Proceeds from issuance of common shares		116,000
Net cash provided by financing activities		116,000
Increase in cash		428
Cash, beginning of period		–
Cash, end of period	$	428
Non-cash investing and financing activities:		
Shares issued to acquire mineral property	$	12,000
Supplemental disclosures:		
Interest paid	$	–
Income taxes paid	$	–

(The accompanying notes are an integral part of these financial statements)

1. Nature and continuance of operations

Signal Exploration Inc. (the "Company") was incorporated in the province of British Columbia on March 9, 2010. The Company is a resource exploration company that is acquiring and exploring mineral properties.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at December 31, 2010, the Company has not generated any revenue and has incurred a loss since inception. The Company's continuation as a going concern is dependent on its ability to generate future cash flows and/or obtain additional financing. Management intends to finance operating costs over the next twelve months with loans from directors and companies controlled by directors and/or private placements of common stock. There is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. Significant accounting policies

(a) Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The financial statements have been prepared on a historical cost basis. The financial statements are presented in Canadian dollars, which is the Company's functional currency.

(b) Use of estimates and judgments

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Significant areas requiring the use of estimates include the recoverability of exploration and evaluation assets, fair value of stock-based compensation, and future income tax asset valuation allowances.

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available.

2. Significant accounting policies (continued)

(c) Cash and cash equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance to be cash equivalents.

(d) Foreign currency translation
The functional and reporting currency is the Canadian dollar. Transactions denominated in foreign currencies are translated using the exchange rate in effect on the transaction date or at an average rate. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect at the statement of financial position date. Non-monetary items are translated using the historical rate on the date of the transaction. Foreign exchange gains and losses are included in profit or loss.

(e) Exploration and evaluation expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are charged to operations.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Farm outs

The Company does not record any expenditures made by the farmee in its accounts. It also does not recognize any gain or loss on its exploration and evaluation farm out arrangements but redesignates any costs previously capitalized in relation to the whole interest as relating to the partial interest retained and any consideration received directly from the farmee is credited against costs previously capitalized.

(f) Restoration, rehabilitation, and environmental obligations

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

2. Significant accounting policies (continued)

(f) Restoration, rehabilitation, and environmental obligations (continued)

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit of production or the straight line method. The obligation is increased for the accretion and the corresponding amount is recognized in profit or loss.

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

As at December 31, 2010, the Company has no material restoration, rehabilitation and environmental obligations.

(g) Income taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided using the balance sheet method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

2. Significant accounting policies (continued)

(h) Flow-through shares

The resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian tax legislation. On issuance, the premium recorded on the flow-through share, being the difference in price over a common share with no tax attributes, is recognized as a liability. As expenditures are incurred, the deferred income tax liability associated with the renounced tax deductions is recognized through profit and loss with a pro-rata portion of the deferred premium.

(i) Financial instruments

(i) Non-derivative financial assets

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets at fair value through profit or loss

Financial assets are classified as fair value through profit or loss when the financial asset is held for trading or it is designated as fair value through profit or loss. A financial asset is classified as held for trading if: (i) it has been acquired principally for the purpose of selling in the near future; (ii) it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit taking; or (iii) it is a derivative that is not designated and effective as a hedging instrument.

Financial assets classified as fair value through profit or loss are stated at fair value with any gain or loss recognized in profit or loss. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset. The Company does not have any assets classified as fair value through profit or loss.

Held-to-maturity investments

Held-to-maturity investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Company does not have any assets classified as held-to-maturity investments.

2. Significant accounting policies (continued)

(i) Financial instruments (continued)

(i) Non-derivative financial assets (continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale equity instruments, are recognized in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit or loss. The Company does not have any assets classified as available-for-sale.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Loans and receivables are comprised of cash and amounts receivable.

Impairment of financial assets

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income or loss are reclassified to profit or loss in the period. Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted. For marketable securities classified as available-for-sale, a significant or prolonged decline in the fair value of the securities below their cost is considered to be objective evidence of impairment.

For all other financial assets objective evidence of impairment could include:
- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as amounts receivable, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an amount receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

2. Significant accounting policies (continued)

(i) Financial instruments (continued)

(i) Non-derivative financial assets (continued)

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. In respect of available-for-sale equity securities, impairment losses previously recognized through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

(ii) Non-derivative financial liabilities

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: accounts payable and accrued liabilities and amounts due to related parties.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

(iii) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and stock options are recognized as a deduction from equity, net of any tax effects.

(j) Loss per share

Basic loss per share is calculated by dividing net loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the reporting period. Diluted loss per share is determined by adjusting the net loss attributable to common shares and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares.

2. Significant accounting policies (continued)

(k) Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instrument issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is credited to the share-based payment reserve. The fair value of options is determined using the *Black-Scholes Option Pricing Model* which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted, shall be based on the number of equity instruments that eventually vest.

(l) Comprehensive loss
Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in profit or loss. The Company does not have items representing comprehensive income or loss.

(m) Accounting standards issued but not yet effective
A number of new standards, and amendments to standards and interpretations, are not yet effective for the period ended December 31, 2010, and have not been applied in preparing these financial statements.

(i) Effective for annual periods beginning on or after January 1, 2011:

Amendments to IFRS 7, "Financial Instruments: Disclosures"

Amendment to disclosure requirements, specifically, ensuring qualitative disclosures are made in close proximity to quantitative disclosures in order to better enable financial statement users to evaluate an entity's exposure to risks arising from financial instruments.

Amendments to IAS 1, "Presentation of Financial Statements"

Clarification that the breakdown of changes in equity resulting from transactions recognized in other comprehensive income is required to be presented in the statement of changes in equity or in the notes to the financial statements.

Amendments to IAS 24, "Related Party Disclosures"

Amendment of the definition for related parties.

Amendments to IAS 34, "Interim Financial Reporting"

Addition of further examples of events or transactions that require disclosure and removal of references to materiality when discussing other minimum disclosures.

2. Significant accounting policies (continued)

(m) Accounting standards issued but not yet effective (continued)

(ii) Effective for annual periods beginning on or after July 1, 2011:

Amendments to IFRS 7, "Financial Instruments: Disclosures"

Increase in disclosure with regards to the transfer of financial assets, especially if there is a disproportionate amount of transfer transactions that take place around the end of a reporting period.

(iii) Effective for annual periods beginning on or after January 1, 2013:

New standard IFRS 9, "Financial Instruments"

Partial replacement of IAS 39, "Financial Instruments: Recognition and Measurement"

New standard IFRS 13, "Fair Value Measurement"

IFRS 13 replaces the fair value measurement guidance currently dispersed across different IFRS standards with a single definition of fair value and extensive application guidance. IFRS 13 provides guidance on how to measure fair value and does not introduce new requirements for when fair value is required or permitted. It also establishes disclosure requirements to provide users of the financial statements with more information about fair value measurements.

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the financial statements.

3. Exploration and evaluation assets

Acquisition costs:		
Balance, March 9, 2010 (date of inception)		–
Additions	$	12,000
Balance, December 31, 2010		12,000
Exploration costs:		
Balance, March 9, 2010 (date of inception)		–
Filing fees		5,247
Geological and reports		107,289
Balance, December 31, 2010		112,536
	$	124,536

On March 31, 2010, the Company was assigned a 100% interest in the Scotch Creek Property located in British Columbia by the President and the Chief Executive Officer of the Company in exchange for 2,000,000 common shares of the Company with a fair value of $12,000 issued to companies controlled by the President and the Chief Executive Officer.

4. Related party transactions

(a) As at December 31, 2010, the amount of $4,309 is owed to the Chief Executive Officer of the Company which is unsecured, non-interest bearing, and due on demand.

(b) As at December 31, 2010, the amount of $3,801 is owed to the President of the Company which is unsecured, non-interest bearing, and due on demand.

(c) During the period ended December 31, 2010, the Company issued 500,000 shares with a fair value of $25,000 to a company controlled by the Chief Executive Officer of the Company as compensation for management fees.

(d) During the period ended December 31, 2010, the Company issued 500,000 shares with a fair value of $25,000 to a company controlled by the President of the Company as compensation for management fees.

5. Share capital

Authorized: unlimited common shares without par value

Common share issuances:

(a) On December 31, 2010, the Company issued a total of 1,000,000 common shares with a fair value of $50,000 to companies controlled by the President and the Chief Executive Officer of the Company for management services rendered.

(b) On December 31, 2010, the Company issued 520,000 common shares at $0.05 per share for proceeds $26,000 which was recorded as share subscriptions receivable as at December 31, 2010. Refer to Note 9(b).

(c) During the period ended December 31, 2010, the Company issued 2,760,000 flow-through common shares at $0.05 per share for proceeds of $138,000. As at December 31, 2010, there was $22,000 in share subscriptions receivable. Refer to Notes 9(a) and (b).

(d) On March 31, 2010, the Company issued a total of 2,000,000 common shares with a fair value of $12,000 to companies controlled by the President and the Chief Executive Officer of the Company in exchange for a 100% interest in the Scotch Creek Property. Refer to Note 3.

6. Financial instruments and risks

(a) Fair values

The fair values of cash, amounts receivable, accounts payable and accrued liabilities, and due to related parties approximate their carrying values due to the short-term to maturities of these financial instruments.

Financial instruments that are measured subsequent to initial recognition at fair value are grouped into a hierarchy based on the degree to which the fair value is observable. Level 1 fair value measurements are derived from unadjusted, quoted prices in active markets for identical assets or liabilities. Level 2 fair value measurements are derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability directly or indirectly. Level 3 fair value measurements are derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data. As at December 31, 2010, the fair value of financial instruments, measured on a recurring basis includes cash determined based on Level 1 inputs, consisting of quoted prices in active markets for identical assets.

6. Financial instruments and risks (continued)

(b) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk as it does not have any assets or liabilities that are affected by changes in interest rates.

(c) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is in its cash and amounts receivable. The risk in cash is managed through the use of a major financial institution which has a high credit quality as determined by rating agencies. Amounts receivable consists of HST refunds due from the Government of Canada.

(d) Foreign exchange rate risk

Foreign exchange risk is the risk that the Company's financial instruments will fluctuate in value as a result of movements in foreign exchange rates. The Company has no assets or liabilities denominated in foreign currencies; therefore, is not exposed to foreign exchange risk.

(e) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company requires funds to finance its business development activities. In addition, the Company needs to raise equity financing to carry out its exploration programs. There is no assurance that financing will be available or, if available, that such financings will be on terms acceptable to the Company.

(f) Price risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

7. Capital management

The Company's capital structure consists of cash and share capital. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The properties in which the Company currently has interests are in the exploration stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire interests in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management since inception. The Company is not subject to externally imposed capital requirements.

8. Income taxes

The actual income tax provisions differ from the expected amounts calculated by applying the Canadian combined federal and provincial corporate income tax rates to the loss before income taxes. The components of these differences are as follows:

Canadian statutory income tax rate		13.5%
Income tax recovery at statutory rate	$	(6,834)
Tax effect of:		
Change in enacted tax rates		(5,822)
Change in valuation allowance		12,656
Income tax provision	$	–

The significant components of deferred income tax assets and liabilities are as follows:

Deferred income tax assets		
Non-capital loss carried forward	$	12,656
Valuation allowance		(12,656)
Net deferred income tax asset	$	–

As at December 31, 2010, the Company had a non-capital loss carried forward of $50,623 which expires in 2030 which is available to offset future taxable income. The Company also has available Canadian mineral resource related expenditure pools totaling $124,536 available to reduce future taxable income.

9. Subsequent events

(a) Subsequent to December 31, 2010, the Company renounced $138,000 of mineral exploration expenditures to flow-through share subscribers.

(b) Subsequent to December 31, 2010, the Company received $48,000 of share subscriptions receivable as at December 31, 2010.

(c) Subsequent to December 31, 2010, companies controlled by the President and the Chief Executive Officer of the Company contributed $30,250 each as a capital contribution to the Company without being issued any additional common shares.

(d) Subsequent to December 31, 2010, the Company issued 300,000 common shares at $0.05 per share for proceeds of $15,000.

(e) On May 20, 2011, the Company entered into an agreement with a company controlled by the President of the Company which will provide corporate services to the Company for $2,000 per month for a period of one year from the date the Company's shares are listed on the TSX-Venture Exchange. The agreement may be terminated by either party giving sixty days notice.

(f) On May 20, 2011, the Company entered into an agreement with a company controlled by the Chief Executive Officer of the Company which will provide corporate services to the Company for $2,000 per month for a period of one year from the date the Company's shares are listed on the TSX-Venture Exchange. The agreement may be terminated by either party giving sixty days notice.

9. Subsequent events (continued)

(g) The Company is proposing to offer to the public, by prospectus, 1,667,000 flow-through common shares and 2,103,000 non flow-through common shares at $0.15 per share for gross proceeds of $565,500. The Agent will be paid a commission of 10% of the gross proceeds of the offering, a corporate finance fee of $25,000 ($10,000 is non-refundable), and reimbursement for out-of-pocket expenses including legal costs. The Agent will also be issued share purchase options equal to 10% of the number of common shares sold pursuant to this offering. The share purchase options will be exercisable at $0.15 per share for a period of three years from the closing date of this offering.

The completion of the offering is dependent upon the issuance by regulatory authorities of a receipt in respect of the Company's prospectus.

(h) On June 30, 2011, the Company approved the adoption of a stock option plan. The plan is a 10% "rolling" stock option plan and allows for the granting of stock options to directors, officers and employees, and consultants of the Company. The maximum aggregate number of shares that may be reserved for issuance under the plan is 10% of the issued shares of the Company at the time that an option is granted.

(i) On October 31, 2011, the Company granted an aggregate of 1,000,000 stock options to its directors and officers with each such stock option having an exercise price of $0.15 per common share expiring five years from the closing of the Company's initial public offering.

SIGNAL EXPLORATION INC.

Interim Financial Statements

June 30, 2011

(unaudited)

SIGNAL EXPLORATION INC.
Interim Statements of Financial Position
(unaudited)

	June 30, 2011	December 31, 2010
Assets		
Current assets		
Cash	$ 38,125	$ 428
Amounts receivable	5,013	17,664
Total current assets	43,138	18,092
Non-current assets		
Exploration and evaluation assets (Note 3)	147,887	124,536
Total assets	$ 191,025	$ 142,628
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities	$ 10,207	$ 7,141
Due to related parties (Note 4)	4,355	8,110
Total liabilities	14,562	15,251
Shareholders' equity		
Share capital (Note 5)	261,000	226,000
Share subscriptions receivable	–	(48,000)
Deficit	(84,537)	(50,623)
Total shareholders' equity	176,463	127,377
Total liabilities and shareholders' equity	$ 191,025	$ 142,628

Nature of operations and continuance of business (Note 1)
Commitments (Note 9)
Subsequent event (Note 10)

Approved on behalf of the Board:

/s/ "Barry Hartley" — Barry Hartley, Director

/s/ "Brent Hahn" — Brent Hahn, Director

(The accompanying notes are an integral part of these financial statements)

SIGNAL EXPLORATION INC.
Interim Statements of Comprehensive Loss
(unaudited)

	Three months ended June 30, 2011	Three months ended June 30, 2010	Six months ended June 30, 2011	Period from March 9, 2010 (date of inception) to June 30, 2010
Revenue	$ –	$ –	$ –	$ –
Expenses				
General and administrative	33,896	–	33,914	450
Total expenses	33,896	–	33,914	450
Net loss and comprehensive loss	$ (33,896)	$ –	$ (33,914)	$ (450)
Basic and diluted loss per share	$ (0.01)	$ –	$ (0.01)	$ –
Weighted average shares outstanding	6,576,703	2,007,692	6,429,171	1,616,814

(The accompanying notes are an integral part of these financial statements)

SIGNAL EXPLORATION INC.
Interim Statement of Changes in Equity
From March 9, 2010 (date of inception) to June 30, 2011
(unaudited)

	Share capital		Share subscriptions receivable	Deficit	Total shareholders' equity
	Number	Amount			
Balance, March 9, 2010	–	$ –	$ –	$ –	$ –
Common shares issued to acquire mineral property	2,000,000	12,000	–	–	12,000
Net loss for the period	–	–	–	(450)	(450)
Balance, June 30, 2010	2,000,000	12,000	–	(450)	11,550
Common shares issued for cash	3,280,000	164,000	(48,000)	–	116,000
Common shares issued for management services	1,000,000	50,000	–	–	50,000
Net loss for the period	–	–	–	(50,173)	(50,173)
Balance, December 31, 2010	6,280,000	226,000	(48,000)	(50,623)	127,377
Share subscriptions received	–	–	48,000	–	48,000
Common shares issued for cash	300,000	15,000	–	–	15,000
Capital contributions from companies controlled by the President and Chief Executive Officer of the Company	–	20,000	–	–	20,000
Net loss for the period	–	–	–	(33,914)	(33,914)
Balance, June 30, 2011	6,580,000	$ 261,000	$ –	$ (84,537)	$ 176,463

(The accompanying notes are an integral part of these financial statements)

SIGNAL EXPLORATION INC.
Interim Statements of Cash Flows
(unaudited)

		Six months ended June 30, 2011		Period from March 9, 2010 (date of inception) to June 30, 2010
Cash provided by (used in):				
Operating activities				
Net loss for the period	$	(33,914)	$	(450)
Changes in non-cash working capital items:				
Amounts receivable		12,651		(842)
Accounts payable and accrued liabilities		3,066		11,068
Due to related parties		(3,755)		796
Net cash provided by (used in) operating activities		(21,952)		10,572
Investing activities				
Exploration and evaluation asset expenditures		(23,351)		(17,172)
Net cash used in investing activities		(23,351)		(17,172)
Financing activities				
Proceeds from issuance of common shares		83,000		6,600
Net cash provided by financing activities		83,000		6,600
Increase in cash		37,697		–
Cash, beginning of period		428		–
Cash, end of period	$	38,125	$	–
Non-cash investing and financing activities:				
Common shares issued to acquire mineral property	$	–	$	12,000
Supplemental disclosures:				
Interest paid	$	–	$	–
Income taxes paid	$	–	$	–

(The accompanying notes are an integral part of these financial statements)

1. Nature and continuance of operations

Signal Exploration Inc. (the “Company”) was incorporated in the province of British Columbia on March 9, 2010. The Company is a resource exploration company that is acquiring and exploring mineral properties.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at June 30, 2011, the Company has not generated any revenue and has incurred losses since inception. The Company’s continuation as a going concern is dependent on its ability to generate future cash flows and/or obtain additional financing. Management intends to finance operating costs over the next twelve months with loans from directors and companies controlled by directors and/or private placements of common stock. There is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. Significant accounting policies

(a) Basis of preparation

These Interim Financial Statements have been prepared in accordance with International Accounting Standard (“IAS 34”), Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). They do not include all of the information required for full annual financial statements, and should be read in conjunction with the Company’s financial statements as at and for the period ended December 31, 2010. Accordingly accounting policies applied are the same as those applied in the Company’s annual financial statements.

(b) Use of estimates and judgments

The preparation of the Company’s financial statements in conformity with International Financial Reporting Standards (“IFRS”) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Significant areas requiring the use of estimates include the recoverability of exploration and evaluation assets, fair value of stock-based compensation, and future income tax asset valuation allowances.

The application of the Company’s accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available.

2. Significant accounting policies (continued)

(c) Accounting standards, interpretations and amendments to existing standards

Effective January 1, 2011, the Company adopted new and revised IFRS's issued by the IASB. The application of these new and revised IFRS has not had any material impact on the amounts reported for the current and prior periods but may affect the accounting for future transactions or arrangements.

(iv) Effective January 1, 2011 the Company adopted the following accounting standards:

Amendments to IFRS 7, "Financial Instruments: Disclosures"

Amendment to disclosure requirements, specifically, ensuring qualitative disclosures are made in close proximity to quantitative disclosures in order to better enable financial statement users to evaluate an entity's exposure to risks arising from financial instruments.

Amendments to IAS 1, "Presentation of Financial Statements"

Clarification that the breakdown of changes in equity resulting from transactions recognized in other comprehensive income is required to be presented in the statement of changes in equity or in the notes to the financial statements.

Amendments to IAS 24, "Related Party Disclosures"

Amendment of the definition for related parties.

Amendments to IAS 34, "Interim Financial Reporting"

(v) Accounting standards issued but not yet effective:

Effective for annual periods beginning on or after July 1, 2011:

Amendments to IFRS 7, "Financial Instruments: Disclosures"

Increase in disclosure with regards to the transfer of financial assets, especially if there is a disproportionate amount of transfer transactions that take place around the end of a reporting period.

Effective for annual periods beginning on or after January 1, 2013:

New standard IFRS 9, "Financial Instruments"

Partial replacement of IAS 39, "Financial Instruments: Recognition and Measurement"

New standard IFRS 13, "Fair Value Measurement"

IFRS 13 replaces the fair value measurement guidance currently dispersed across different IFRS standards with a single definition of fair value and extensive application guidance. IFRS 13 provides guidance on how to measure fair value and does not introduce new requirements for when fair value is required or permitted. It also establishes disclosure requirements to

provide users of the financial statements with more information about fair value measurements.

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the financial statements.

3. Exploration and evaluation assets

Acquisition costs:		
Balance, December 31, 2010 and June 30, 2011	$	12,000
Exploration costs:		
Balance, December 31, 2010		112,536
Geological and reports		23,351
Balance, June 30, 2011		135,887
	$	147,887

4. Related party transactions

(a) As at June 30, 2011 the amount of $2,409 (December 31, 2010 - $4,309) is owed to the Chief Executive Officer of the Company which is unsecured, non-interest bearing, and due on demand.

(b) As at June 30, 2011, the amount of $1,946 (December 31, 2010 - $3,801) is owed to the President of the Company which is unsecured, non-interest bearing, and due on demand.

5. Share capital

Authorized: unlimited common shares without par value

Common share transactions:

During the six months ended June 30, 2011, the Company renounced $138,000 of mineral exploration expenditures to flow-through share subscribers.

On April 1, 2011 the Company issued 300,000 common shares at $0.05 per share for proceeds of $15,000.

On May 15, 2011, companies controlled by the President and the Chief Executive Officer of the Company contributed $10,000 each as a capital contribution to the Company without being issued any additional common shares.

6. Stock Options

On June 30, 2011, the Company approved the adoption of a stock option plan. The plan is a 10% "rolling" stock option plan and allows for the granting of stock options to directors, officers, employees, and consultants of the Company. The maximum aggregate number of shares that may be reserved for issuance under the plan is 10% of the issued shares of the Company at the time that an option is granted.

7. Financial instruments and risks

(a) Fair values

The fair values of cash, amounts receivable, accounts payable and due to related parties approximate their carrying values due to the short-term to maturities of these financial instruments.

Financial instruments that are measured subsequent to initial recognition at fair value are grouped into a hierarchy based on the degree to which the fair value is observable. Level 1 fair value measurements are derived from unadjusted, quoted prices in active markets for identical assets or liabilities. Level 2 fair value measurements are derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability directly or indirectly. Level 3 fair value measurements are derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data. As at June 30, 2011 and December 31, 2010, the fair value of financial instruments, measured on a recurring basis includes cash determined based on Level 1 inputs, consisting of quoted prices in active markets for identical assets.

(b) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk as it does not have any assets or liabilities that are affected by changes in interest rates.

(c) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is in its cash and amounts receivable. The risk in cash is managed through the use of a major financial institution which has a high credit quality as determined by rating agencies. Amounts receivable consists of HST refunds due from the Government of Canada.

(d) Foreign exchange rate risk

Foreign exchange risk is the risk that the Company's financial instruments will fluctuate in value as a result of movements in foreign exchange rates. The Company has no assets or liabilities denominated in foreign currencies; therefore, is not exposed to foreign exchange risk.

7. Financial instruments and risks (continued)

(e) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company requires funds to finance its business development activities. In addition, the Company needs to raise equity financing to carry out its exploration programs. There is no assurance that financing will be available or, if available, that such financings will be on terms acceptable to the Company.

(f) Price risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

8. Capital management

The Company's capital structure consists of cash and share capital. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The properties in which the Company currently has interests are in the exploration stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire interests in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management since inception. The Company is not subject to externally imposed capital requirements.

9. Commitments

(a) On May 20, 2011, the Company entered into an agreement with a company controlled by the President of the Company which will provide corporate services to the Company for $2,000 per month for a period of one year from the date the Company's shares are listed on the TSX-Venture Exchange. The agreement may be terminated by either party giving sixty days notice.

(b) On May 20, 2011, the Company entered into an agreement with a company controlled by the Chief Executive Officer of the Company which will provide corporate services to the Company for $2,000 per month for a period of one year from the date the Company's shares are listed on the TSX Venture Exchange. The agreement may be terminated by either party giving sixty days notice.

10. Subsequent events

(a) The Company is proposing to offer to the public, by prospectus, 1,667,000 flow-through common shares and 2,103,000 non flow-through common shares at $0.15 per share for gross proceeds of $565,500. The Agent will be paid a commission of 10% of the gross proceeds of the offering, a corporate finance fee of $25,000 ($10,000 is non-refundable), and reimbursement for out-of-pocket expenses including legal costs. The Agent will also be issued share purchase options equal to 10% of the number of common shares sold pursuant to this offering. The share purchase options will be exercisable at $0.15 per share for a period of three years from the closing date of this offering.

The completion of the offering is dependent upon the issuance by regulatory authorities of a receipt in respect of the Company's prospectus.

(b) Subsequent to June 30, 2011, companies controlled by the President and the Chief Executive Officer of the Company contributed $20,250 each as a capital contribution to the Company without being issued any additional common shares.

(c) On October 31, 2011, the Company granted an aggregate of 1,000,000 stock options to its directors and officers with each stock option having an exercise price of $0.15 per common share expiring five years from the closing of the Company's initial public offering.

SATURNA GROUP
CHARTERED ACCOUNTANTS LLP

1066 West Hastings Street, Suite 1250
Vancouver, BC Canada V6E 3X1

AUDITORS' CONSENT

We have read the prospectus of Signal Exploration Inc. (the "Company") dated November 14, 2011 relating to the issue and sale of the common shares of the Company. We have complied with Canadian generally accepted standards for auditors' involvement with offering documents.

We consent to the use in the above-mentioned prospectus of our report dated June 8, 2011 (except as to Note 9, which is as of November 14, 2011) to the directors of the Company on the following financial statements:

- Statement of financial position as at December 31, 2010;
- Statements of comprehensive loss, changes in equity, and cash flows for the period from March 9, 2010 (date of inception) to December 31, 2010.

/s/ SATURNA GROUP CHARTERED ACCOUNTANTS LLP

Saturna Group Chartered Accountants LLP

Vancouver, Canada

November 14, 2011

CERTIFICATE OF SIGNAL EXPLORATION INC.

Dated: November 14, 2011

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of the Provinces of British Columbia and Alberta.

*"Barry Hartley"*______________________
Barry Hartley
President and Chief Financial Officer

*"Brent Hahn"*______________________
Brent Hahn
Chief Executive Officer

On behalf of the Board of Directors

*"Manfred Peschke"*___________________
Manfred Peschke
Director

*"Iqbal Boga"*________________________
Iqbal Boga
Director

*"James McCrea"*____________________
James McCrea
Director

CERTIFICATE OF THE AGENT

Dated: November 14, 2011

To the best of our knowledge, information and belief, this prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of the Provinces of British Columbia and Alberta.

UNION SECURITIES LTD.

"*John Thompson*"
John Thompson
Vice Chairman

CERTIFICATE OF PROMOTER

Dated: November 14, 2011

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of the Provinces of British Columbia and Alberta.

"*Barry Hartley*"
Barry Hartley